INSTITUTIONAL CAPACITY IN THE AMERICAN STATES

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In a separation of powers system, delicately calibrated to defend against the destabilizing effect of concentrating power in any one branch, why then does each branch seek to increase its level of power relative to the other branches? The answer to this question lies in our understanding of these institutional powers, the formal and informal tools either unilaterally controlled or shared with the other independent branches of government, which constitute what is known as institutional capacity. However, institutional capacity is a complex, multidimensional concept, which is not easily observed nor easily understood (e.g. Gargan 1981). My dissertation focuses on exploring the concept of institutional capacity within three salient American state government topics, to show that institutional capacity affords political actors the ability to pursue their various electoral, institutional, and policy goals, and thus each branch endeavors to increase its level of capacity relative to the other branches. The high level of variation across political institutions in the American states provides varying degrees of institutional power sharing and power dominance which offer important implications for our broader understanding of democratic theory a separation of powers as expressed by Madison. I show that the ability of political actors in the American states is constrained by the historical changes in the institutional capacity of both governors and state legislatures, and despite the historical dominance of

governors in the policy-making and budgetary arena, state legislatures possess the capacity to undermine governors under certain conditions, particularly in budgetary realms and under periods of divided partisan control of the state government. These findings offer support for the professionalism movement in the American states which drove much of this institutional change and altered the (im)balance of power between the branches, and echo the claim that it is easy to "invent a government and devise a strong executive" yet it is much harder "to devise a strong legislature that can survive transfers of power and shifts of party control" (Loftus 1994: 63).

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PREFACE

This dissertation was inspired by the time I spent interning with the Pennsylvania Department of State during the summer of 2007. At the end of the fiscal year, I remember being served a certified letter from the state informing me**,** because I was considered a non-essential employee, that in the event of a budget agreement failing to be reached I should not report to work until the stalemate was concluded and a new budget for the next fiscal year was in place. During the resulting one-day furlough, I and about 24,000 state workers, questioned why the impasse was happening and how long it would last. With the more extreme budget impasses that followed in the subsequent years, I wondered why Pennsylvania continued to have such difficulty in performing this annual task, especially when compared to many other states which had very little difficulty each year. My career at the University of Pittsburgh, and ultimately this dissertation, afforded me the opportunity to examine these and other similarly related questions – research topics I look forward to continuing in my future research.

This research, including all of the coursework, reading, writing which led to its conclusion, would not have been possible without the support of numerous individuals in my life. First, I would like to acknowledge my dissertation committee, comprised of George Krause, Kristin Kanthak, Jonathan Woon, and Justin Phillips. The guidance, advice, and commentary received from my committee members was invaluable and helped to strengthen and refine this final product. Any errors which remain are my own. I would like to especially thank George

Krause for not only serving as the chair of my dissertation committee, but for being my professor, graduate advisor, coauthor, and friend. His guidance at every step of my graduate career has helped to shape me into the scholar I am today.

I would like to thank Amanda Jones, Daniel Tingley, Danielle Rago, Nicholas Weltz, and Ryan Golen for serving as my student research assistants during the Spring 2013 term. Their efforts in collecting and coding individual state legislative biographical information was invaluable. Specials thanks to George Krause and Kristin Kanthak for working to organize this opportunity. I hope that other graduate students will be as fortunate as I was to have the help of a "fleet of RAs" at my disposal for the collecting and coding of a large portion of the data used in this dissertation work.

Most importantly, from the bottom of my heart, I want to thank the people who have helped me most in reaching my goals in life, my friends and family. By supporting me, they have endured me having to miss family events and spend vacations reading, coding, and writing in pursuit of my goals. Last, but always the most important to me, through everything, the person who has walked every step of this process with me is my wife. In the times even when I doubted myself, Tina has never lapsed in her support and faith in my ability to complete this difficult journey. From the long hours we spent collecting and coding data together, discussing my research during date nights, and often putting our life on hold to allow me to pursue this dream - thank you for everything.

1.0 Introduction

"It is agreed on all sides, that the powers properly belonging to one of the departments ought not to be directly and completely administered by either of the other departments. It is equally evident, that none of them ought to possess, directly or indirectly, an overruling influence over the others, in the administration of their respective powers. It will not be denied, that power is of an encroaching nature, and that it ought to be effectually restrained from passing the limits assigned to it."

~ James Madison: Federalist Paper 48

In a separation of powers system, the partition of the legislative, executive, and judicial power is essential to provide the necessary checks and balances to avoid the usurpation and tyranny by any one holder of these powers. This system avoids a gradual concentration of power in the same branch by "giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the others" (*Federalist 51*). As Madison later goes on to argue in *Federalist 51*, "ambition must be made to counteract ambition" where "such devices should be necessary to control the abuses of government." Yet, throughout time, these branches have attempted to increase their own level of power, either proactively or in response to another branch, desiring to place themselves in a position of enhanced strength and influence relative to the other branches. As Neustadt (1960, 33) argued, rather than creating a government of separated powers, the Constitution established "a government of separated institutions sharing powers." The American states are no exception to this power struggle, with governors and state legislatures competing for a position of leverage over the other in many of their shared functions (e.g. Durning 1995; Squire 2007; Briffault 2010). However, while the

federal arena is delicately calibrated to defend against the destabilizing effect of concentrating power in any one branch, the high level of variation across political institutions in the American states yields varying degrees of institutional power sharing and power dominance which offer important implications for our broader understanding of democratic theory as expressed by Madison.

Given the role that the separation of powers system provides and the inherent dangers of concentrating power in any one branch of government, why do these branches seek to increase their level of power relative to the other branches? Engaged in this continual power struggle, each branch benefits from, to varying degrees, certain institutional powers. These institutional powers, formal and informal tools either unilaterally controlled or shared with the other independent branches of government, constitute what is known as institutional capacity. The central theme of this dissertation's constituent essays is that political actors and institutions utilizes the institutional power at their disposal in pursuit of their various electoral, institutional, and policy goals. These institutional powers, their institutional capacity, afford them the ability to enrich their electoral prospects by engaging in actions and pursuing policies favorable to their constituents, but which may not always be in the best long-run interest of the state. Further, they serve to constrain the actions of the other independent branches of government. Thus, each branch endeavors to increase its level of institutional capacity as it provides that branch greater ability to control policy output in pursuit of enhancing its electoral fortunes. This process of increasing a branch's institutional capacity, otherwise known as capacity building, is a broadly encompassing concept concerning activities that are aimed at increasing the ability of citizens and their governments to produce more responsive and efficient public goods and services via

the selection and development of both political and administrative institutional arrangements (Advisory Commission on Intergovernmental Relations (ACIR) (1985).

For purposes of this dissertation, a working definition of institutional capacity is necessary. However, 'institutional capacity" varies greatly in its application to both the different levels and various branches of government. Whether its used in terms of capacity, capability, authority or power, there often is a lack of precision as to its meaning (e.g. Gargan 1981). Typically, capacity can be thought of as the resources available to the institution or actor which can be utilized to pursue the goals of that institution or actor. These resources can include staffing and spending factors (e.g. Bowman and Kearney 1988), leadership and vision, management and planning, fiscal planning and practice, operational support (e.g. Frederickson and London 2000), and grantsmanship (e.g. Hondale 1981). Further, institutional capacity should be defined relative to its application such that its meaning will vary depending on which institution or actor is examined (e.g. Bowman and Kearney 1988). Thus, a definition of capacity then needs to include three activities which are highly salient for state governments: 1) to respond effectively to change, 2) to make decisions efficiently, effectively, and responsibility, and 3) to manage conflict (e.g. Bowman and Kearney 1988). This dissertation which examines the unique variation across the American states operates under this umbrella of a definition whereby the institutional capacity varies based upon the institution/actor under examination as well as the context under which its examined.

Yet, capacity does not remain stagnant, varying across time, as the overall level is influenced by the social, economic, and political conditions present, as well as how it is viewed by the office holders and the constituents (e.g. Gargan 1981). Further, the constituent elements of capacity do not operate in a vacuum, isolated from one another, but rather functioning relative

to each other and in support of the institution/actor (e.g. Frederickson and London 2000). As such, institutional capacity is a complex, multidimensional concept, which is not easily observed nor easily understood by the constituents served by those institutions/actors (e.g. Gargan 1981). Yet, the performance and success of a political system weighs heavily on institutional capacity (e.g. Bowman and Kearney 1988), and greater capacity can lead to overall better governance (e.g. Hall 2002).

Conceptually, the capacity of a governmental institution/actor translates into its ability to influence political outcomes. It can be viewed as the ability of the institution/actor to bring about change to the status quo through the development of policy, implementation of programs, development and procurement of additional resources, and anticipation of the future (e.g. Honadle 1981). As such, "high-capacity" political actors are better equipped to effectively perform their respective functions, contend with the other relevant political actors, and influence the direction of the policymaking process (e.g. Huber and Shipan 2002).

Capacity has been extensively examined in the extant literature, focusing on its various forms, as well as causes and consequences, such as: financial management capacity (e.g. Gargan 1987), fiscal capacity (e.g. Tannenwald 1999), tax capacity (Hy, Boland, Hopper, and Sims 1993), and management capacity (e.g. Donahue, Selden, and Ingraham 2000). Similarly, this concept of institutional capacity has been applied differently at various levels of government including in the study of comparative politics where institutional capacity has referred to certain attributes of national governments including their scope, effectiveness, innovation, and their ability to management of conflict (e.g. Heady 1984), and the ability of a political system to respond to emerging demands placed upon it (e.g. Eisenstadt 1963; Almond 1965; Jaguaribe 1973), among other applications. In studies examining the U.S. federal government, institutional

capacity has referred to the formal institutional innovation and development of the branches and their respective powers (e.g. Neustadt 1960; Polsby 1968; Schickler 2001). Further, it has been applied to the attempts by the federal government to increase the executive management capacity of local governments through helping them to develop the necessary policy and resource management skills required to better implement federally funded programs (e.g. Burgess 1975; Healey 1998).

Within the American state politics literature, institutional capacity too has received much attention. Since the 1960's American state governments have undertaken a multitude of constitutional and statutory reforms with the goal of improving their institutional performance to respond to socioeconomic changes, federal government mandates, and the needs of local governments (Advisory Commission on Intergovernmental Relations (ACIR) 1985).[1] Across all three branches, the institutions experienced growth in their capacity to perform their constitutional responsibilities, as well as compete with one another in the policymaking and budgetary arenas: with the formal powers of governors being strengthened, the state bureaucracies becoming more professional, the legislatures similarly becoming more professional and institutionalized, and the courts modernizing (e.g. Bowman and Kearney 1988).

Much like their Presidential counterparts, over the years, governors have worked to increase and concentrate power in their office. For governors, their formal powers have been enhanced and they have been afforded a larger role in setting state priorities. Further, the functions of the bureaucracies have been centralized as they have become more professional in attempting to meet the increased demands placed upon them by the evolving state (e.g. Clynch

[1] See Crittenden (1967) for one of the first studies on institutional capacity concerning state government modernization.

and Lauth 1991; Hedge 1998; Rosenthal 1998). Much ink has been spilled in an attempt to understand how both the formal (e.g. Dometrius 1979; Sigelman and Smith 1981) and informal (e.g. Bernick 1979) powers of governors have changed overtime. Attempts have been made to systematically measure these powers, beginning with Schlesinger's (1965) comparative state index which examines four specific powers of governors: budget, appointment, tenure, and veto. Since this attempt, scholars have attempted to refine and replace it in an effort to accurately measure gubernatorial capacity (e.g. Beyle 1968; Dometrius 1979; Krupnikov and Shipan 2012).

Similarly, scholars have examined how state legislatures have changed overtime to adapt to the changing political, social, and economic environment. These legislatures have become better equipped to compete with the governor as they have experienced a certain measure of professionalization (e.g. Pound 1992), referring to the "enhancement of the legislature's capacity to perform its role in the policy-making process with an expertise, seriousness, and effort comparable to other actors in that process" (Mooney 1995, 48-49), through increases in salary and benefits for its members, increased time demands of service including the move from part-time to full-time service, and increases in staff and resources (e.g. Squire 1988a, 1992, 1993, 1997, 2007). The earliest attempt to examine legislative capacity evaluated it on five characteristics (functionality, accountability, informedness, independence, and representativeness) by examining levels of staffing, compensation, time, committee structure, facilities, leadership, rules and procedures, size, and ethics (Citizens Conference on State Legislatures (CCSL) 1971). In the years since this study, scholars have developed numerous indexes, typically including measures of salary, time on the job, and staff, to capture changes in the professionalism of the American state legislatures (e.g. Grumm 1971; Mooney 1995; Squire 2007).

Thus for purposes of examining institutional capacity, the American states provide an excellent arena for theory testing given the significant variation in their social, cultural, political, and economic environments with differing people, geography, economic, and politics context. As Madison notes above, while the federal system is set up in such a way to avoid conditions of concentrated power, the institutions in many states initially were set up with a purposeful imbalance of power between the branches, and further, the changes in the levels of power overtime experienced by these state governments have not been consistent. Thus, this institutional variation provides analytical leverage in testing theories that is often unavailable at the national level which can help us to "arrive at truly general theories of political processes that are not bound by time or place" (Brace and Jewett 1995, 665). However, like all prior state politics research, akin to filling old skins with new wine, merely taking theories developed at the national level and empirically testing them using the American states is theoretically unsatisfying (e.g. Krause and Woods 2014). As such, this dissertation endeavors to shine new light on our understanding of institutional capacity more generally and yield important implications for our broader understanding of democratic theory as expressed by Madison.

Three key lessons can be derived from this dissertation's investigation into institutional capacity in the American states. First, a governmental system composed of "separate institutions sharing powers" (Neustadt 1960, 33) is necessary to ensuring that a singular branch with sufficient unchecked authority cannot engage in shortsighted and potentially harmful opportunistic behavior. While this system may not always be the most efficient, it however can yield responsible policymaking (e.g. Krause and Melusky 2012), though concentrated authority may be necessary when gridlock strangles the system. As such, because executives and legislatures are expected to both influence the budgetary and policymaking arenas in this delicate

calibrated system of shared powers, power grabbing by either institutional actor must be limited or at least offset by enhancing the capacity of the institutional counterpart.

Second and similarly related, a robust state legislature can provide a powerful constraint on opportunistic behavior by governors. Despite the varied critiques leveled at the professionalization movement, the associated changes which began in the late 1960's and spread across the American states in the interim years did increase the capacity of the state legislatures to better compete with governors in both their budgetary and policymaking tasks. Today the institutions are capable of constraining governors and resisting further encroachment upon their formal jurisdiction by their gubernatorial counterparts. Yet, a relatively robust governor must also be part of the institutional balance of powers equation to prevent the particularistic behavior that legislators themselves, due to their strong electoral incentives, are thought to engage in (e.g. Fitts and Inman 1992; Hallerberg and Marier 2004). As such, to prevent a return to the gubernatorial tyranny of the 1900's, state attempts in the name of budgetary savings to return their legislative bodies to prior levels of professionalism via reductions in legislative salary or membership size, must be avoided.

Third, as noted above, capacity is a very difficult concept to both define and operationalize. This examination of the various manifestations of executive and legislative capacity across a variety of salient state government realms undertaken by this dissertation upholds our prior understanding that institutional capacity is a complex and multidimensional. While, capacity may enhance the ability of a governmental institution/actor to influence political outcomes, it may not always work in a predictable manner, especially since capacity varies across time and is influenced by a multitude of social, economic, and political conditions. Ultimately, any effort to examine the institutional capacity of executives and legislatures must

attempt to consider their levels of capacity relative to the other, as a change in the level of one actor's institutional capacity is associated with a change in the other's.

To advance our understanding of institutional capacity and how it varies based upon context, this dissertation is arrayed in three separate but theoretically connected essays. Each essay seeks to address a topic of both contemporary importance and theoretical relevance, and how these topics interact in important ways with key differences in American state institutional features. Throughout the essays a common theme emerges: the institutional capacity of the political actors in each state government affords the holder (governors or state legislatures) the ability to shape policy outcomes and ultimately determine who wins in the Madisonian separation of powers struggles with the other independent branches of government. Taken together these essays examine the importance of the relative institutional power levels between the executive and legislative branches in the separation of powers system in the American states. Further, they shall speak to the importance of this separation of powers system, and the consequences which emerge when this system is destabilized. This dissertation thus proceeds accordingly.

Essay 1 of this dissertation, titled "Budget Impasses in the American States – Competing Actors in Inter-branch Bargaining," examines the unique political phenomena which occurs when state governments fail to adopt a budget by the start of the next fiscal year. Because the norm is for a state to pass a budget by the start of the next fiscal year and avoid the consequences associated with failing to pass a budget in a timely manner, this essay seeks to answer 1) when are we more likely to observe a late budget, and 2) how long will these impasses last when they do occur? Through examination of both the occurrences of budget impasses and the number of days beyond the current fiscal year that a state was late in adopting its next fiscal year budget in

the American states from 1986-2006, this essay investigates how both the budgetary control held by governors and legislatures and conditions of divided government influence this phenomena. For purposes of this essay, institutional capacity is defined as the formal authority vested to each branch which affords it an ability to both control the budgetary agenda (positive power) and serve as a veto player in blocking the policy movement away from the status quo toward the other actor's most preferred outcome (negative power), manifesting as a political actor's budget formulation authority, official revenue forecast authority, line-item veto authority, and legislative professionalism. It is expected that possessing greater formal institutional capacity should decrease the likelihood of a budget impasse occurring and decrease the duration of a budget impasse should it occur, with these effects being greater during periods of divided government compared to periods of unified government. As acknowledged above that institutional capacity varies depending on context, this essay reveals a differing effect concerning institutional capacity conditioned by divided government, with increased institutional capacity during both periods of unified and divided partisan legislature government, contrary to theoretical expectations, increasing the likelihood of the state experiencing a late budget. However, when budget negotiations break down, and the start of the fiscal year passes without a new budget in place, increased budgetary capacity decreases the length of the ensuing impasse. These effects are robust under a variety of specifications, and even when controlling for incentive-based explanations of legislative behavior, ultimately shows how the institutional capacity of these budgetary actors allows the stronger budgetary actors to circumvent institutional logjams and succeed in securing the passage of the state's budget.

Along a similar budgetary theme, Essay 2 of this dissertation, titled "Giving Away the Store – Gubernatorial Control of State Economic Development," examines the interplay between

a governor's institutional capacity to direct and implement economic development policies and the electoral constraints they face. This dissertation essay attempts to show that governors with both the motivation (electoral) and the means (institutional capacity) to pursue their political and electoral goals will engage in behavior which supports and advances these goals. In this essay, the governor's formal institutional capacity is considered their authority over the state's economic development entity, specifically their ability to exert control over an agency by resisting external influences on that agency via controlling the appointment of the agency head, and controlling the policy direction for economic development programs by serving as the head of their state's economic development board/commission/council. This relationship between institutional capacity and electoral constraints is considered by examining budgetary data, the total real allocations per capita provided to the state economic development agency in a given fiscal year, collected for state economic development entities in the American states FY 2001-2010. It is expected that states where governors possess the formal institutional capacity for controlling economic development efforts, will experience greater growth in their state economic development entity allocations compared to states where governors lack this authority. However, this effect should be less pronounced when governors are secure in their electoral prospects and thus have less of a need and desire to grow their state's economic development entity budget necessary for engaging in the manipulation of the state's economy. This essay finds tepid results which suggests that a governor's control of the state economic development efforts matters in the growth of the state economic development agency's budget, and when examined within the lens of electoral vulnerability, the results suggest a more nuanced understanding of economic development allocations. These results cautiously suggest that the budgetary process, specifically regarding economic development funding, is a battle of

institutional wills, with the legislature providing an institutional check on the ability of the governor to extract greater funds for their particularistic goals. Given the contemporary economic climate whereby governors are held accountable for the health of their state's economy, while faced with decreased financial resources to attempt to stimulate growth, this essay offers insight into the differences in the behavior of governors who possess both the means and motivation to spur economic growth and job creation.

While the prior two essays reveal the influence of institutional capacity at the aggregate level, the final essay in this dissertation shows that institutional features have a significant influence on individual behavior. Essay 3 of this dissertation, titled "Legislative Pay in the American States and Individual Retirement Decisions," through the lens of legislative institutional capacity, seeks to provide new answers to the much researched question of why legislators retire from office. In this essay, institutional capacity is examined within the context of a well studied indicator of state legislative capacity, the compensation provided to the membership, and the role that it plays in a state legislator's individual decision-making calculus for whether they should remain in office or pursue a variety of exit alternatives. Using a unique dataset of individual retirement decisions of all state legislators from 2000 through 2010, this essay examines how retirement behavior is influenced by meager levels of legislative compensation and compensation which often lags behind other state wages (e.g. poor legislative salary compared to higher real median house income). It is expected that legislators in states which provide higher levels of compensation to their membership, as well as those states where salary is higher relative to the state's median household income, should be more likely to remain in office rather than pursue other exit alternatives. This essay finds that contrary to theoretical expectations, the level of compensation a member receives increases the likelihood that a state

legislator will choose any of the alternative exit options compared to the status quo of remaining in office, whereas, consistent with theoretical expectations, the relative difference in pay decreases the likelihood of choosing an alternative exit option compared to remaining in office. The findings from this essay highlight the disparity in legislative pay that exists from one state to the next, offering insight into the consequences of declining legislative compensation which often fails to keep pace with other state wages, including the deterioration of the institutional maintenance mechanism necessary for maintaining a caliber of membership capable of providing the policy-making and constituent services demanded by the state electorate.

The findings associated with these three essays highlight the simple fact that institutional capacity is of both normative and substantive importance to citizens and policymakers alike, regardless of what level of government is considered. This is especially true given Madison's warning of the encroaching nature of power, since it affords political actors the ability to enrich their political and electoral prospects by engaging in actions and pursuing policies favorable to their constituents, but which may not always be in the best long-run interest of the government and its people. This role of institutional capacity is of particular importance for the American states, given the vast degree of variation both historically and today in the level of institutional capacity of governors and legislatures, which can result in drastically different results for the same issues. As such, all three essays together seek to advance our knowledge of how the capacity of an institution/actor interacts in unique and interesting ways with social, economic, political, and personal factors to produce a multitude of politically salient and important outcomes. Ultimately, the conclusions from this dissertation will breath new life into the democratic ideal of a separation of powers system maintained through institutional checks and balances, as espoused by the founding fathers at the writing of the Constitution.

2.0 BUDGET IMPASSES IN THE AMERICAN STATES – COMPETING ACTORS IN INTER-BRANCH BARGAINING

In the Commonwealth of Pennsylvania, protracted budget battles between the Governor and the General Assembly have become a commonplace occurrence. Pennsylvania's fiscal year begins July 1st of each year, and the Pennsylvania state constitution requires that a budget for the state must be adopted by midnight on June 30th of each year. However, each attempt to pass a budget from 2003-2009 resulted in failure to agree upon a budget by this deadline, forcing the state into a period of budget impasse. Without a budget in place, the Commonwealth only had the legal authority to pay employees who provided critical health, safety, and welfare services to citizens. Without the ability to authorize new spending, the state was mandated to partially shutdown government services until a budget for the next fiscal year was put in place.

In 2007, when the state failed to pass a budget by the start of the next fiscal year, nearly 24,000 government employees (more than a quarter of the state work force), whose jobs were deemed non-essential, were furloughed for one day, disrupting state government services. As this impasse occurred at the height of tourist season, Pennsylvania's state parks and state-run museums were closed to the public. Campers in these state parks were forced to abandon their campsites and cabins. Additionally, driver-license offices and other non-essential government offices were closed for the day.

Similarly, in 2009 the state again failed to pass a budget by the start of the next fiscal year, leaving the state without a budget for 101 days. Resulting from a recent state Supreme Court decision, in which the Commonwealth interpreted as being unable to furlough its employees but retaining the authority to order state employees to work without pay during an impasse, the state's nearly 77,000 employees opened their first paycheck in July to read the words "Budget Impasse Leave without Pay" for the time worked during the impasse. Without a budget in place, services in Pennsylvania reliant on state funding were disrupted as certain daycare centers were closed, many food banks and public libraries curtailed hours of operation, and some struggling school districts were forced to take out large bank loans for which they would later never be compensated for the interest accrued on those loans. As the 101 day budget impasse stretched on, the state employees spent the summer months without a paycheck, draining their savings accounts to remain solvent. For those less affluent employees, who lived paycheck-to-paycheck, the state released a "Budget Impasse Employee FAQ" (as displayed in **Figure 2.1**) recommending those employees who could not make ends meet should apply for mortgage and utility assistance, low-dollar short-term loans, and even visit Pennsylvania food banks:

13.What can I do if I can't make ends meet?

The most important thing you can do is communicate with your creditors and financial institutions. Call them early to personally explain your situation—see if there are options such as deferring payments, making exceptions to minimum balance requirements, waiving late fees or providing short-term loans. In this age of automation, it's especially important to communicate with those who debit your accounts directly or expect automatic payments.

You can link to the Department of Health's directory of human services programs across Pennsylvania as well as to utility and mortgage assistance programs from the "Here to Help" section of www.PA.gov.

The Pennsylvania Treasurer has a program called "Better Choice," through which a number of Pennsylvania's credit unions make low-dollar, short-term loans. Learn more about the program at www.patreasury.org/betterchoice.htm.

The Pennsylvania Association of Regional Food Banks provides a county-by-county listing of organizations that provide nutritious foods. Learn more at www.pafoodbanks.org/PARF_Site/Get_Help.html.

Source: Commonwealth of Pennsylvania. 2009.

Figure 2.1: 2009 Budget Impasse Employee FAQ

During these reoccurring years of budget impasse in the Commonwealth of Pennsylvania, the government operated under varying forms of divided government. From 2003-2006, the government was split between a Democratic governor and a Republican controlled legislature (split branch government). Similarly, from 2007-2009 the government remained divided, however as a result of numerous Democratic pick-ups in the 2006 state legislative election, the government was now split between an allied Democratic governor and Democratic controlled state house (the first time since 1994) and a Republican controlled state senate (split legislature government). Budget deliberations during these politically contentious times were exacerbated by the fact that these budgetary actors were similar equipped to engage in budget negotiations to secure their most desired budget agenda items, since in Pennsylvania the governor is constitutionally strong by most conventional indicators of gubernatorial authority and he faces a

highly professional legislature. Given these conditions, it is understandable that each year, as the June 30th fiscal year end deadline looms, the residents of the Commonwealth turn their eyes to the capitol expectant of another protracted budget battle.

While this anecdote is illustrative of the impact of budget impasses in the American states, the situation presented in this case is not exclusive to Pennsylvania. Each year the majority of the American states begin the long process of developing and passing a budget for the next fiscal year.[2] Usually this process ends with the enactment of a new budget by the end of the current fiscal year. On occasion however, the budget process stalls and the start of the new fiscal year comes and goes without a new budget in place. When this occurs, those states without a budget experience a range of consequences from incurring additional costs for maintaining government operation to a partial government shutdown. Given that the norm is for a state to pass a budget by the start of the next fiscal year and avoid the consequences associated with failing to pass a budget in a timely manner, this essay seeks to answer 1) when are we more likely to observe a late budget, and 2) how long will these impasses last when they do occur?

Developing the budget for the next fiscal year represents a central activity in all state governments. This process determines how much funding will be available for state spending as well as how and where state revenue shall be directed (e.g. Hutchinson and James 1988; Clynch and Lauth 1991). Additionally, state budgeting includes reviews for current state programs, plans for the fiscal future of the state, accounts for past expenses, and places controls on planned spending. This multifunctional role of the budgeting process is thus conflictual in nature, leading to it being viewed as unsatisfactory to observers and participants, and flawed in its outcomes

[2] Over the last 70 years, the American state governments have slowly abandoned the process of biennially passing a budget for the state. While 44 states enacted biennial budgets in 1940, currently only 19 states continue to biennially budget [CT, HI, IN, KY, ME, MN, MT, NE, NC, ND, NH, NV, OH, OR, TX, VA, WA, WI, WY] (Snell 2011).

(National Conference of State Legislatures 1995). Due to the separation of powers principle which divides policymaking between the executive and legislative branches, this conflict is evident when governors and legislatures share responsibility in formulating and enacting a budget. This conflict is further complicated given that legislators are beholden to more local geographic constituencies, and governors, who are rewarded for providing statewide benefits, must appeal to statewide constituencies (e.g. Schlesinger 1971; Crain and Miller 1990; Schlesinger 1994). Thus governors and legislatures are concerned with both the size and composition of the final passage of their state's appropriations bill, as the enacted bill confers certain benefits to the above constituencies who will reward these electorally dependent political actors. As such, the extant literature has shown that fiscal policymaking plays an important role in understanding the performance of incumbent state politicians and electoral control (e.g. Alt and Lowry 1994; Lowry, Alt, and Ferree 1998; Alt and Lowry 2000; and Alt, Lassen, and Rose 2006), and fiscal policy effects have been shown to appear in American state gubernatorial and legislative elections (e.g. Lowry, Alt, Ferree 1998).

The budget process in the American states plays a very important role as by determining how and to where state revenue shall be directed (Hutchinson and James 1988) it ultimately determines the size and role of the government. Because of this importance, political actors use whatever options are at their disposal to give them an advantage in this process to secure a final spending bill which more closely mirrors the preferences of that actor which allows them to advance their agenda and ultimately enhance their electoral fortunes. Consistent with the overarching theme of this dissertation, this essay examines the role that the institutional capacity of these political actors serves in the budgetary deliberations. For purposes of this essay, institutional capacity is defined as the formal authority vested to each branch which affords it an

ability to both control the budgetary agenda (positive power) and serve as a veto player in blocking the policy movement away from the status quo toward the other actors most preferred outcome (negative power). This essay thus seeks to show how the budgetary influence of governors and legislatures, their institutional capacity, influences both the occurrence and duration of budget impasses in the American states from 1986-2006. Specifically, governors and state legislatures use their institutional capacity to compete with one another over budget negotiations, and when an actor has greater power at their disposal, we should expect that the stronger budgetary actor should be able to circumvent institutional logjams caused by institutional gridlock and avoid delay in passage of the state's budget. Further, given that institutional capacity varies depending on context, this effect should be more pronounced during periods of divided government when the powers of a political actor are more necessary to navigate budgetary gridlock than during periods of unified government when the interests of the various political actors are more closely aligned. Making use of the inherent variation across and within the states, the essay seeks to advance our understanding of how the institutional design and the sources of both gubernatorial and legislative capacity affect budgetary outcomes (e.g. Alt and Lowry 1994; Gordon and Huber 2007; Huber and Shipan 2002; Lax and Phillips 2009, 2012; Wright and Schaffner 2002).

This essay departs from the previous scholarly work concerning the causes and consequences of budget impasses in the American states (e.g. Kousser and Phillips 2009; Andersen, Lassen, and Nielsen 2012; Klarner, Phillips, and Muckler 2012; and Kousser and Phillips 2012) in that it 1) does not assume that governors are uniform in their budgetary powers

(e.g. Sharkansky 1968; Mowery, Kamlet, and Crecine 1980; Garand 1985; Gosling 1994)[3], and 2) considers the governor's and legislature's institutional capacity relative to each other, given that most measures of legislative and gubernatorial strength covary positively and that the literature has acknowledged that gubernatorial power should be measured relative to that of the legislature (e.g. Dometrius 1987; Mueller 1985; Gross 1989).

Overall this essay reveals a differing effect concerning institutional capacity conditioned by divided government. Increased institutional capacity during both periods of unified and divided partisan legislature government, contrary to theoretical expectations, increases the likelihood of the state experiencing a late budget. However, when budget negotiations break down, and the start of the fiscal year passes without a new budget in place, increased budgetary capacity decreases the length of the ensuing impasse. These effects are robust under a variety of specifications and even when controlling for incentive-based explanations of legislative behavior.

The following sections thus examine the budget processes in the American states, the causes and consequences of budget impasses both at the federal and state levels, and the role that both divided government and institutional capacity play in the budget process and the failing of a state to pass a budget in a timely manner. The hypotheses derived from these prior sections are then empirically examined, and the results and broader implications from this analysis are finally discussed.

[3] The recent works concerning the causes and consequences of budget impasses all consider the institutional capacity of governors in the American states to be fixed. As the following sections will show, the budgetary authority of governors varies both between states and in time, and this variations has important implications for both the occurrence and duration of budget impasses in the American states.

2.1 Budget Processes in the American States

Developing and enacting a budget is one of the most important processes managed by state governments. The budget process in the American states very closely mirrors the practice for revenue bills at the federal level. The budget process begins in the executive branch in almost every state. After receiving budget requests from the various departments and agencies in the state, the governor prepares a budget proposal. This proposal includes revenue projections which provide a revenue ceiling and can set the framework under which the budgetary deliberations shall take place. This proposal is submitted to the state legislature which refers it to an appropriations committee in each house where it may or may not be used in the budgetary process. After numerous committee hearings, debates, markup sessions and votes, the budget bill is sent to the floor of the chamber, where it is ultimately voted on. If approved, the bill is sent to the governor who may sign the bill, veto the entire bill, or in some states sign it with a line-item veto (Wallin 1999).

This process is essential to state government operation as it determines how state revenue is allocated for the next fiscal period (Hutchinson and James 1988). These budgets must include reviews for current state programs, plan for the fiscal future of the state, account for past expenses, and place controls on planned spending. Because the budget serves so many functions, the process of writing one is conflictual in nature, leading to it being viewed as unsatisfactory to observers and participants, and flawed in its outcomes (National Conference of State Legislatures 1995). Further, modern state budgeting suffers from surpluses and shortfalls in state revenue. The presence of a surplus raises the issue of where to allocate the additional funds, while a revenue shortfall raise the issue of where to cut funds to compensate for the

deficiency (Wildavsky 1986). As a result, formulating and enacting a budget is arguably the most difficult and time-consuming task a state government must undertake.

This process however differs in several important ways from that at the federal level. While governors typically refer their budget proposal to one "appropriations" committee in each state legislative chamber, a president's budget proposal must undergo a labyrinth-like process through the Congress where each chamber's budget committee, 13 authorization committees, and an appropriations committee with related subcommittees, engage in lengthy hearings, debates, markup sessions, and votes, prior to the budget bill being sent to the floor of the whole chamber, where it may be amended and is ultimately voted on. The budgets passed at the state level are fundamentally different given that nearly all of the states have balanced-budget requirements with differing relative stringency requirements, while the lack of a similar requirement at the federal level allows for the possibility of deficit spending. Further, presidents lack the extraordinary powers afforded to governors to impound funds and make other adjustments to maintain fiscal balance. Within the budget process, unlike presidents, governors typically submit a budget in balance making it more difficult for the legislature to change, they have informational and staff advantage over their state legislative counterparts and in many states face an amateur legislature (characterized by low legislative pay, staff resources, and minimal time spent in session), and many governors have a line-item veto which is generally stronger than that afforded the president which gives a governor more power than the president has traditionally had.

These federal-state differences have meaningful implications for budgeting success. Though this necessary process is performed each year across the various levels of government, this process at times fails to produce a budget in a timely manner. The main objective of the

president and the majority party in Congress is the enactment of a budget plan which fulfills their own priorities (e.g. Williams and Jubb 1996). A natural divergence of preferences of the included budgetary actors, can breakdown and stall the passage of a new budget, ultimately resulting in an impasse. Taken together, Klarner, Phillips, and Muckler (2012) show that the federal level is a perfect storm of budget impasses where from 1961-2006, 81% of all federal appropriations bills were late, whereas during this same time period 15% of state appropriates were late among the American states. Further the average duration of a budget impasse at the federal level lasted 73 days compared to the 30 day average delay at the state level. Americans as such are no strangers to budget impasses resulting from budget battles gone sour, and budget impasses at the federal level provide both a salient and motivating case for our understanding of the American states examined in this essay.

2.2 Lessons From Budget Impasses at the Federal Level

Article I, section 9, clause 7 of the Constitution forbids any expenditure without an appropriation made by law. Thus, when federal agencies and programs lack appropriated funding, they must cease operations resulting in a government shutdown. When a shutdown occurs, the immediate and critical effect is the furloughing of federal employees; the placement of uniformed military personnel and federal employees rated essential to performing duties vital to national defense, public health and safety, or other crucial operations into a temporary, non-duty, non-pay status. During these shutdown periods, essential employees are required to continue working while all other non-essential employees are "sent home" until an appropriations bill has been enacted (Kosar 2004).

While the federal government has shut down several times historically, most recently shutdowns occurred during the Clinton administration in 1995 and the Obama administration in 2013. For purposes here, the following discussion of the 1995 federal shutdowns serves to illustrate the tangible consequences of budget impasses, and because of the condition of comparable institutional capacity, offers unique insight for our understanding of budget impasses in the American states.

The Congressional midterm election of 1994 resulted in the Republican takeover of Congress for the first time since 1952 (e.g. Williams and Jubb 1996: 476-477). When President Clinton proposed his first budget in 1993, he enjoyed a period of unified Democratic party control. With the Republican's midterm victory, President Clinton now faced a hostile Congress unified under the "Contract with America" and the leadership of Speaker Newt Gingrich. In 1995, this new Republican majority repeatedly battled with President Clinton over plans to balance the budget. During these negotiations, President Clinton's priorities were to protect funding for Medicare, Medicaid, environmental protection, education, and the continued reduction of the budget deficit, while the Republican majority sought to balance the budget by sharply reducing funding for educational and environmental protection and cutting taxes (Williams and Jubb 1996).

As the preferences of these budgetary actors clashed, the end of previous fiscal year passed on September 30, 1995 without a budget for the next fiscal year in place. To prevent a federal government shutdown, the government operated on a continuing resolution which authorized interim funding until a new budget was agreed upon. This continuing resolution however expired on November 13th at midnight when the Republican and Democratic leadership failed to reach an agreement.

From November 14th - 19th, 1995 major portions of the federal government shut down when President Clinton vetoed a second continuing resolution and a debt limit extension. An estimated 800,000 federal employees were told to not come into work. This 6 day shutdown briefly ended when President Clinton agreed to a temporary spending bill. However, the underlying disagreements remained unresolved, and a second government shutdown was trigger on December 16th. From the 16th through January 7, 1996, many federal agencies shuttered their "non-essential" activities because they lacked appropriated funding to continue operations (Meyers 1997: 27). This shutdown lasted 21 days, the longest in the federal government's history, and an estimated 260,000 federal employees were furloughed with an additional 475,000 essential employees forced to work in non-pay status.

Throughout these budget negotiations, President Clinton garnered high levels of public support by blocking the Republican majority's budget demands for spending reductions. However, by the end of the 2nd government shutdown, public opinion shifted such that both President Clinton and the Republican majority in Congress were blamed for the government shutdowns and the continued budget crisis. In a plea to the American people, President Clinton deemed the government shutdown a Republican strategy to force their way on the budget and tax issues. In this plea, he highlighted the main consequence of the government shutdown; that certain federal programs including Medicare and Meals on Wheels were going to run out of funding which would ultimately harm senior citizens. Without additional federal funding, ten states would be unable to sustain their unemployment insurance programs, with an estimated 15 more states on the verge of such a situation. He even went so far as to claim that the budget impasse was threatening the national security of the country and harming the global image of the U.S. Ultimately, the two shutdowns were estimated to have cost the federal government $1.5

billion, almost $200 million per day (Williams and Jubb 1996: 480). Affected employees were prevented from working between 2 percent and 10 percent of their annual work year (Meyers 1997: 27).

In addition to these consequences the Congressional Research Service highlighted several public areas affected by the fiscal year 1996 budget impasse. In the area of health, new patients were not accepted into clinical research at the National Institute of Health Clinical Center, the Centers for Disease Control and Prevention stopped disease surveillance, and toxic waste cleanup at 609 sites was ceased resulting in more than 2400 workers being sent home without pay. In the area of law enforcement and public safety, the recruitment and testing of federal law-enforcement officials was cancelled and about 3500 bankruptcy cases and delinquent child-support cases were suspended. In the area of parks, museums, and monuments, 368 National Park Service sites were closed impacting more than 7 million visitors and resulting in a $14.2 million per day loss in tourism revenues. In the area of visas and passports, an estimated 20,000-30,000 applications by foreigners for visas went unprocessed each day and over 200,000 U.S. applications for passports went unprocessed resulting in a loss of millions of dollars by U.S. tourism industries and airlines (Kosar 2004). The National Science Foundation left more than 2300 proposals unprocessed, cancelled or postponed up to 43 review panels, and delayed over 400 continuing increments (Qian 1996). Finally, the budget impasse left the Judiciary without funding. On December 23, 1995 the Chief Judge of the United States Court of Appeals for the 6th Circuit argued that the country's constitutional order would be on the verge of a breakdown unless it received an appropriation by the first week of January (Hershey 1995). If the Judiciary were to shutdown, people could not be arrested for federal crimes because they could not be brought to court.

Even after a budget was finally enacted, the government dealt with several lingering consequences of the impasse. In the aftermath of the impasse, the efficiency of the federal government was greatly reduced as it had to manage a backlog of work created by the budget impasse (Brass 2008). Further, the government was required to pay late fees for services rendered by federal contractors and reimbursement to the contractors for costs incurred as a result of the shutdown (Trowbridge 1997).

As revealed in this discussion of federal level budget impasses, failure to pass a budget in a timely manner results in costly tangible consequences for a numerous actors beyond just politicians and government employees. Given the consequences highlighted above, tourists, the recipients of government aid, and those relying on the smooth conduct of government operations for a variety of resources and services, all are negatively impacted in the event of a budget impasse. Given the similarities in budgeting procedures employed in the American states, the occurrences of budget impasses at the federal level offer unique insight into the breakdown of budget negotiations. As such, the next section discusses the possible consequences of an American state failing to pass a budget by the start of the next fiscal year.

2.3 Budget Impasses in the American States

Operating under similar budget procedures, the American states experience the same inherent difficulty in enacting a budget. As such, a state may fail to pass a budget by the end of the fiscal year, entering the state into a period of budget impasse. According to officials at the National Conference of State Legislatures (2008), in the event of a budget impasse a state usually pursues one or more of the following actions. The legislature can adopt a continuing resolution, which serves as a temporary appropriations bill and continues funding government programs and

services at the same level as the previous fiscal year for a set period of time. Eleven states currently can utilize temporary appropriations bills to maintain government operation during a budget impasse.[4] Other states have constitutional provisions or procedures which ensure the continuous operation of the government during a budget impasse. Currently, thirteen states have various provisions that allow for continuous payment of funds for agencies and services without a budget for the new fiscal year.[5] Finally, as the result of a budgetary negotiations stalemate, 22 states direct the government to shutdown until an appropriations bill is enacted (Pulsipher 2004). This is the least preferable opinion given that it involves furloughing non-essential state employees and stopping certain government functions and services until a new budget is enacted. **Table 2.1** provides a complete listing of the states within each category described above:

Table 2.1: Procedures When the Appropriations Act Is Not Passed by the Beginning of the Fiscal Year

	Legislature Passes a Temporary Budget	Payments Are Continuous	Other Provisions or Procedures	Government Shuts Down
Totals	11	13	7	22
States	CT, MA, MI, NH, NY, NC, OH, OR, PA, SC, TN	AZ, CA, GA, HI, IL, IN, KY, MN, MO, MT, OK, PA, RI	AR, CA, IL, MD, NJ, WV, WI	AL, AK, AZ, CO, GA, HI, ID, IL, IN, IA, KS, ME, MN, MS, MT, NJ, NM, ND, OK, TX, VT, WY

Source: National Conference of State Legislatures (2008)

While budget impasses can last only a few hours like Michigan in 2007 to as many as 101 days into the next fiscal year like Pennsylvania in 2009, as was highlighted in the review of

[4] In New Hampshire and Pennsylvania the legislature can unilaterally pass these authorizations without requiring the governor's signature, while in New York the temporary appropriation must be submitted by the governor or the legislature cannot act.

[5] Typically these provisions are automatically enacted when a new budget is not in place by the end of the current fiscal year.

the fiscal year 1996 federal government shutdown, failure to pass a budget in a timely manner does have tangible consequences. The first of these consequences are the additional monetary costs resulting from the impasse. Extending the regular session or calling special sessions increases operational costs (Pulsipher 2004). In California, every day the legislature is in session, members of the State Assembly and State Senate receive a per diem of $173 per day (Davis 2009). Likewise, in Pennsylvania lawmakers can collect $163 a day for food and lodging costs when they are at the state capitol (Bumsted 2009). These per diems are payments that the state taxpayers would not have had to pay had the lawmakers passed a budget by the end of the fiscal year. Additionally, during a budget impasse a state is unable to authorize payments into the next fiscal year, and is subject to late fees and other penalties from vendors under state contract (Erickson 2009; Niquette 2009) resulting in much larger financial costs to the state. In 2007, California incurred more than $8 million in late payment fees as a result of the budget impasse (Quach 2009).

States may be subject to legal action from employees or citizens because of lost wages (Pulsipher 2004). In California, several taxpayer groups sued in 2003 to prevent state employees from being paid in the absence of a budget. The California Supreme Court ruled that the Federal Fair Labor Standards Act maintains that when state employees work during a budget impasse, they are assured of full salary for work performed once funds are appropriated (*White v. Davis* 2003). Further, in 2007 the state had an estimated $4.7 billion in lawsuits filed against it for state actions taken during that year's budget impasse (Quach 2009). In October 2009, the California Medical Association filed a lawsuit in the state Superior Court seeking to end furloughs for the staff of the California medical Board. The furloughs created licensure, investigative and enforcement delays costing the board an estimated 5,100 work hours and almost $6 million in

board funding (California Medical Association 2009). On August 18, 2009 a federal judge struck down a furlough plan in Prince George's county, Maryland, holding that the plan violated the U.S. Constitution by unilaterally cutting wages guaranteed through collective bargaining. Similarly, on July 29, 2009 a state judge in Hawaii ruled that furloughing state employees violated the state constitution (Baldas 2009). In 2008 three state workers' unions sued the Pennsylvania state government to block the furlough of as many as 25,000 non-essential state employees (Patton 2008).

Consistently failing to pass a budget in a timely manner can affect a state's credit rating. A low credit rating lowers bond ratings and increases interest rates paid by states when borrowing (e.g. Las Vegas Sun 2003; Pulsipher 2004) by drawing the market's attention to the state's fiscal problems and creating a causal link from a late budget to state borrowing costs (Andersen, Lassen, and Nielsen 2014), which can decrease the value of investments for current bondholders who may want to sell (Buchanan 2009). While these changes provide voters with a rationale for holding their elected politicians accountable for a budget impasse, especially during periods of fiscal distress and during election years, it is difficult to ascribe blame given that states with sufficient liquidity in the form of large reserves face limited cost from late budgets (Andersen, Lassen, and Nielsen 2014). New York, which has failed for the last 17 years to pass a budget on time, has a consistently low credit rating. Upgrading the credit rating by one rating would have saved the state an estimated $158 million (New York Office of the State Comptroller 1997). In 2009, California's bond rating was decreased from a score of A+ to A, as a result of the budget impasse. This change affects the state's $46 billion in general obligation bond debt and will make it more expensive for the state to borrow money. Further, it decreases the value of investments for current bondholders who may want to sell (Buchanan 2009). Most recently

Minnesota's triple-A rating was downgraded to AA-plus in response to recent difficulties in passing a budget on time, ultimately affecting $5.7 billion in general obligation bonds (Gralla and Barnett 2011). Together, these cases reveal that the changes to state credit ratings and resulting implications for bond ratings are the result of state budget impasses and are not merely circumstantial.

Yet, the state government does not solely incur the costs of a late budget. Without appropriation details, local governments and nonprofit organizations are unable to budget, plan, or deal effectively with their contractual obligations (Pulsipher 2004). In 2009, California Jewish Family Service programs were forced to close down programs that work to keep indigent elderly and disabled clients out of institutions and another that gives shelter to victims of domestic abuse (Fax 2009). In 2009, Pennsylvania nonprofit groups were forced to either close their doors or take out loans to maintain operations. These loans resulted in as much as $10 million in interest costs, and many of these groups were already financially struggling as a result of the 2008-2009 economic downturn (Murphy 2009). Further, the lack of a state budget has negative consequences for child protection services, given that without state funds, county agencies are unable to place at-risk children in protective care (Cunningham 2009; Wetzel 2009). When a budget is late, people dependent on local health and welfare programs, businesses that have contracts with the state, anyone due a state income-tax refund, and college students expecting state grants are all left waiting until a new budget is enacted (Sweeney 2009).

Similarly, school districts are impacted when a state fails to pass it's budget in a timely manner. In New York, with the exception of the state's five large cities, school districts must submit their operating budgets for voter approval each year. Developing a school district budget is a difficult task, one made all the more difficult by a lack of information as a result of a late

state budget. Given that the voter approval process is restricted by a set of deadlines that districts must follow, school districts do not have the flexibility to postpone decisions until better information is available (New York Council of School Superintendents 2003). Further, if the budget is not enacted by mid-August, school districts will have to finalize tax levies without knowing how much aid they will be receiving, resulting in school tax bills which are too high and investments in programs like pre-kindergarten being postponed (McCall 1999).

Being furloughed and without a regular paycheck, many state workers suffer financial hardship, being forced to draw upon their personal savings. Many furloughed employees have been forced to seek out food pantries in response to prolonged budget impasses (Commonwealth of Pennsylvania 2009; Creamer 2009). Credit unions within affected states have opened up lines of credit with no or low interest rates for state employees, however employees with poor credit have been unable to take advantage of these loans (e.g. *Credit Union Journal* 2005; Castelli 2007; Commonwealth of Pennsylvania 2009). In 2006, when New Jersey shutdown its government after failing to adopt a budget by the end of the fiscal year, 45,000 state employees were immediately furloughed, 36,000 were transferred into non-pay work status, roadwork projects were brought to a halt, and the state's parks, beaches, and historic sites were closed (Hester 2006). Likewise in 2007, when Pennsylvania failed to pass its budget, roughly 24,000 state employees were furloughed. During this time, the employees were not paid for the time they were off, with their wages totaling $3.5 million per day. Additionally, fifteen welcome centers and 177 state parks and historic sites were closed at the height of the tourist season, as were 71 driver's license centers (Urbina 2007).

However, an important distinction concerning budget impasses needs to be addressed. A state budget which is late by a matter of hours is substantively different from a budget impasse

which extends weeks or months into the next fiscal year. As such, the above consequences and their impact are differentially felt depending on the length of the budgetary delay. Thus for budgetary actors it is not only important for them to reach agreement and pass the state's budget by the beginning of the next fiscal year, but should a budget impasse occur, it is important for them to reach agreement sooner rather than later, else the state incur many of the above consequence. These tangible consequences in turn ultimately can translate into decreases in the approval ratings of these electorally dependent political actors. States pay the cost of declining public confidence in their elected officials and damage to the state's image (Pulsipher 2004). Public polls in states that experienced budget impasses reveal sharp drops in approval as well as a willingness to vote out incumbents (for example see Caruso (2004) who examines the 2004 New York late budget). In 2009, the public approval ratings of both Pennsylvania's governor and legislature fell to all time lows in the wake of the 101 day budget impasse (*The Patriot-News* Editorial Board 2009).

As illustrated above, the American states are just as susceptible (if not even more so) as their federal counterpart to numerous tangible consequences when they fail to pass their budget in a timely manner. It is thus the intent of this essay to determine what factors influences both the occurrence and duration of budget impasses in the American states.

2.4 The Budget Process and the Breakdown of Bargaining

As discussed above, the budget itself play a very important role by determining how state revenue shall be directed (Hutchinson and James 1988). For political actors, securing a final spending bill which more closely mirrors their preferences, allows that actor to better advance their political agenda and ultimately enhance their electoral fortunes. As such these budgetary

deliberations are extremely political, and are best thought of in terms of bargaining between institutional actors negotiating with one another toward a favorable budget outcome. This bargaining process consists of each actor presenting an offer to the other actors for how and where the state's revenue should be directed. These receiving actors have the option to either accepted or reject the offer from their institutional counterpart, with acceptance ending in passage of the budget and rejection resulting in a continuation of the negotiations, driving the state closer toward the end of the fiscal year. This process can be thought of as a standard alternating offers bargaining model (e.g. Rubinstein 1982) whereby 2 actors must reach an agreement on how to divide a pie the size of 1, with each actor in turn making a proposal as to how it should be divided, and the other actor deciding to accept the offer or reject it and return to the bargaining condition. Yet, public budgeting is both political and technical, resulting in a multitude of factors which influence this process. This complex process consists of routine parts as well as unpredictable non-routine parts, yet all parts are open to the environment and are thus affected by the economy, public opinion, the other levels of government, interest groups, the media, and politicians (Rubin 1992).

Present in this process are two distinct factors which can either facilitate or hinder the breakdown of this process: A) *information* and B) *formal features*. Information in the budgetary bargaining is crucial for understanding both the behavior of the actors as well as the success(failure) of the process. Yet, the type of information used for budget decision making is highly variable and can include the revenue projects, information about programs, agency requests, the concern of the institutional actors involved, and even the budget format itself (Rubin 1992). Our understanding of information can be further divided into technical information and political information, with technical information concerning the effects of policy

in changing the status quo should it be agreed upon and enacted, and political information concerning the preferences and activities of other members (e.g. Woon 2009). This technical information provides a basis for what are potentially feasible outcomes, and involves a variety of features intrinsic to the budget process including the budgets from prior years, the state's revenue projections, the availability of surplus funds, as well as political factors such as partisan control of the various branches of the state government and the timing of election events in the state (e.g. Wildavsky 1978; Pelzman 1987; Poterba 1994, 1995).

Political information in particular concerns the preferences of the institutional actors and includes what is their most preferred outcome as well as what range of outcomes they will accept (e.g. their propensity to accept or reject a proposal). However, a level of uncertainty results in bilateral bargaining models because the bargainers possess incomplete information about each of the other's preferences about accepting vs. rejecting an offer (e.g. Chatterjee and Samuelson 1987; Watson 1998; Woon and Anderson 2012). Ultimately, uncertainty over whether the chance of the proposal being accepted can make pursuing a budgetary impasse rational and can influence the delay in bargaining (e.g. Gul and Sonnenschein 1988; Sákovics 1993; Woon and Anderson 2012). Because of this uncertainty, these budget negotiations in the American states could be considered a war of attrition, whereby the political actors can decide whether to accept, reject, or propose their own budgetary offers, and this process can allow political actors to learn the other's preferences concerning pursuing a budgetary stalemate or backing down and accepting an offer (e.g. Fearon 1994). A tough offer by a political actor can increase the benefits to proposer but increases the likelihood of failure to reach a deal, whereas an actor making concessions to the other actor is viewed as sacrificing benefits for the increased likelihood that as deal is reached (e.g. Fearon 1994). Given the political costs associated with a budgetary

shutdown, political actors should simply tell each other what they are and are not willing to accept in order to avoid an impasse, however, these actors can have strong incentives to misrepresent their preferences to obtain a better deal (e.g. Fearon 1994).

The literature is replete with research formally modeling the bargaining process. When considering the preferences of these institutional actors, many of these approaches use a spatial models (e.g. Kiewiet and McCubbins 1988; Alt and Lowry 1994, 2000; McCarty and Poole 1995) which assumes that these preferences can be arrayed along a unidimensional spectrum, with each actor preferring their winning proposal to the status quo. In these models, the outcome of bargaining between the institutional actors is a function of the distribution of their preferences, the order of interactions, and the location of status quo policy (e.g. Romer and Rosenthal 1978). Because preferences across chambers of the legislature and the branches often diverge, successful bargaining requires not only agreement from the median legislator but also from the executive or the veto override pivot in both chambers. Resistance along any point of this process can force the actors to re-pass a bill closer to the ideal point of the other actors. However, as mentioned above, a natural divergence of preferences of the included budgetary actors, can breakdown and stall the passage of a new budget, ultimately resulting in an impasse.

Yet these approaches may not be the most appropriate simplification of budgetary bargaining in the American states given that they often fail to properly consider the strength of governors in this process (Kousser and Phillips 2009). In attempting to consider budget impasses in the American states within a formal model, previous work by Kousser and Phillips (2009) considered the clash of preferences between governors and legislatures during budgetary negotiations which treats the outcome of interbranch bargaining as a function of the institutional capacities and constraints upon the legislature. This staring match between the institutional

actors considers the political and personal costs of a budget impasse. Consistent with much of the above literature, the authors use a standard alternating offers approach between the governor and the legislature when considering how to divide the budget (pie/dollar). Similarly, Andersen, Lassen, and Nielsen (2012) attempt to explain the duration of budget negotiations in the American states. They model the budget impasse period as a "winner-takes-all" game in which the state legislature and the governor engage in a war of attrition, during which the budget adoption is delayed. The game ends when either player concedes, allowing the other player to choose whatever composition of government spending they prefer. While these models do consider the political and personal costs associated with budget delays, they fails to account for the strengths of both the governor and legislature.

What thus emerges from the above discussions is that the preferences of the institutional actors, and their likely divergence, can have clear implications for budgetary delay in the American states. Often the bargaining process is made more difficult because of the natural divergence in preferences between the two major parties. Within the literature, gubernatorial and legislative preferences have assumed that Democrats prefer and pursue the expansion of policies which expand the government and target a larger share of the states incomes for the public budget (with Republicans preferring the opposite). It is because of this divergence in preferences between the two major parties that the majority of policy disagreements results (e.g. Dye 1984; Garand 1988; Alt and Lowry 2000; Smith 1997).

But beyond information, the formal features of the budget process too can facilitate or hinder the breakdown of this process. The outcomes of this process are very sensitive to the formal procedures used (e.g. Banks 1990) and budgetary rules can constraint institutional actors into making certain budget choices (Schick 2007). These formal procedural rules can include

deficit carry-over restrictions (e.g. Alt and Lowry 1994), supermajority requirements (e.g. Knight 2000), expenditure limitations (e.g. Poterba and Rueben 1999), and balanced budget rules (e.g. Inman 1996). Further, in cases of budget impasses in the American states, often these procedures concern an automatic partial government shutdown triggered when a state fails to pass a budget by the start of the next fiscal year. These formal procedural rules, as well as much of the technical information discussed above, is exogenous to the bargaining process and is known prior to these negotiations by the political actors engaged in this process. As such, they shape both how and when a budgetary actor's institutional capacity is employed during the budgetary negotiations. Ultimately, these procedures can make it unlikely that a governor would prefer a government shutdown to higher(lower) levels of government spending (Klarner, Phillips, and Muckler 2012). Taken together, formal procedural rules can influence the bargaining process. The following section delves deeper into formal authority vested to the institutional actors which further influence and can undermine this process.

2.5 Institutional Capacity and Budgets in the American States

A gloomy picture of budgetary deliberations in the American states emerges from the discussion above, which portrays the state capitols at the end of each fiscal year as battlefields where adversarial budgetary combatants engage one another in an attempt to secure the passage of their most preferred final appropriations bill. However, for an appropriations bill to be passed and the above consequences above be avoided, the budgetary process requires the continued interaction between the legislative and executive branches. This process thus concerns the institutional capability of the competing branches. For purposes of this essay, institutional capacity is defined as the formal authority vested to each branch which affords it an ability to both control the

budgetary agenda (positive power) and serve as a veto player in blocking the policy movement away from the status quo toward the other actors most preferred outcome (negative power).

Traditionally, governors have been viewed as the director of the budgetary process in their states, resulting from both their personal characteristics or political circumstances but also from the formal powers their state constitutions grant them (e.g. Beyle 1968; Morehouse 1981; Sabato 1983; Brace 1994). Compared to their federal counterpart, governors are better equipped to exert influence over the state budgetary process. As discussed above, the budgetary process begins in the executive branch, allowing the governor to set the stage for the budgetary deliberations. The revenue projections which governors submit with their budget proposal frame the budgetary debate by setting a revenue ceiling under which the state government will operate in the next fiscal year. These revenue projections are differentially valued, especially in states where the governor's projection serves as the state's official revenue projection, and further where this forecast binds the state's budget. Additionally, the budget proposals that governors submit are usually in balance which makes it difficult for the legislature to change them, given that all but a few states have a constitutional balanced budget requirement.[6] Taken together, unilateral control over both revenue forecast and budget formulation, provide governors powerful fiscal policymaking tools (Krause and Melusky 2012).

In terms of executive institutional capacity, governors have an informational and staff resource advantage over the legislature. While a legislature's attention is divided between formulating and passing a budget as well as enacting new policy legislation, the governor is able

[6] All state governments, with the exception of Vermont, confront some type of balanced budget legal requirement, whereby "state budget allocations must be balanced by revenue, and the forecast constrains or binds the total appropriations'' (Voorhees 2004, 656). U.S. state governments markedly experience these costs as they are constrained in their capacity to incur long-term deficits due to these balanced budget restrictions (Poterba 1994; Primo 2007).

to devote more time and resources to the budgetary process. This advantage of time and focus is most evident in states with part-time legislatures which must pass a budget and pursue the policy goals of its members under a reduced session period. When governors are institutionally strong across the entire budget process, they are capable of dominating budgetary agendas, however they are subject to heightened information costs (e.g. Breunig and Koski 2009). Further, these governors are capable of blocking legislative alternatives, yet they incur transaction costs which can hinder fiscal policy adjustments (e.g. Breunig and Koski 2009). Ultimately, those who have greater control over the budget process will attempt to use these powers to deliver a higher proportion of policies that confer benefits to statewide versus more localized constituencies (Barrilleaux and Berkman 2003), since governors must appeal to statewide constituencies, as providing statewide benefits best rewards governors (Schlesinger 1994).

This institutional capacity that allows a governor to exploit their position as an influential unitary actor in the budget process is not uniform across states (e.g. Sharkansky 1968; Mowery, Kamlet, and Crecine 1980; Garand 1985).[7] All governors are afforded the ability to control the initial phases of setting the budget agenda, however the governors vary in their ability with some governors being solely responsible for producing the initial budget submitted to the legislature while others serve on a budget formulation committee comprised of individuals appointed or elected by other actors. "The rules that govern the budgetary process are contested and biased, and the governor has greater power over the process in some states than others (Gosling 1994)." In recent decades, governors, as a group, have not declined in budgetary influence, although some have gained and others lost (Dometrius and Wright 2010).

[7] Some survey based studies have suggested that certain "informal" powers controlled by governors are more important to gubernatorial success than are the formal, constitutional ones (e.g. Bernick 1979). However, these "informal" powers are notoriously difficult to operationalize and are not widely available.

Further, the ability of governors to pursue their budgetary agenda is a function of their ability to block alternative legislative proposals. The gubernatorial influence on budget outcomes is derived from the availability of different veto power tools ranging from blanket vetoes to the often controversial line-item veto found in 43 states which affords governors the ability to veto portions of the budget passed by the legislature (e.g. Abney and Lauth 1985; Bowman and Kearney 1988; Holtz-Eakin 1988; Nice 1988; Dearden and Husted 1993; Wallin 1999). Historically, these tools have allowed the governor to act as a tyrant in the budgetary process given that having the ability to veto an act of their legislative counterpart enhances the capacity of executives in the budgetary process (e.g. McCarty and Poole 1995; Cameron 2000).

While the executive veto was originally intended as a safeguard to encroachment in the separation of powers system, the trend in the American states throughout the twentieth century has been to strengthen this tool, redesigning it such that governors could achieve positive as well as negative purposes through its use (e.g. Morey 1966). In the traditional negative context, an executive having the ability to veto legislation, especially when conditions make it difficult for the legislature to override that veto, provide the executive with greater control over the legislation and the process surround it (e.g. Mainwaring 1997; Cameron 2000). Yet, the veto also serves the shape the legislature's beliefs concerning the desires of the executive, causing the legislature to respond to veto threats, and allowing the executive to extract policy concessions (e.g. Abney and Lauth 1997; Cameron 2000; McCarty 2000; Groseclose and McCarty 2001).

Yet, when faced with the prospect of gubernatorial veto (or more often the threat of one) state legislatures are provided the option of overriding the objections of that governor. However, override requirements vary substantially across the American states, with states requiring either a

simple majority, 3/5, or 2/3 override requirements.[8] Ultimately these thresholds required to override a gubernatorial veto work to structure the dynamics of the budgetary bargaining process by compelling legislatures to build coalitions when the branches disagree to enact their preferred policy over a veto (or veto threat) (e.g. McGrath, Rogowski, and Ryan 2014a, 2014b). Considering the negative power of the veto in this context, these larger override thresholds provide the executive with greater control over the budget and budget process. When considering the positive powers in this context, in the absence of veto authority a simple majority coalition is capable of passing whatever policy it desires regardless of the objections of relatively helpless giant. Functionally, the larger the threshold increases the difficulty for a legislature to assemble a large enough coalition to override a veto, thus resulting in budget outcomes closer to those of the executive's preferences (McGrath, Rogowski, and Ryan 2014b). Taken together, governors tend to be substantially more successful (operationalized as the difference between a governors proposed budget and the enacted budget[9]) in states with either 3/5 or 2/3 override requirements than simple majority (50%+1) override requirements (McGrath, Rogowski, and Ryan 2014b), thus making the veto a powerful tool at a governor's disposal.

While these formal budgetary powers of governors are generally strong, and governors have tended to dominate the executive-legislative branch relationship in budgetary matters, legislatures are not without influence (e.g. Abney and Lauth 1989, 1998). Over the last twenty-five years, state legislatures have become better equipped to compete with the governor as they have experienced a certain measure of professionalization (e.g. Pound 1992). Professionalization

[8] Most states employ a 2/3 veto override requirement. Alabama, Arkansas, Tennessee, Indiana, Kentucky, and West Virginia employ a simple 50%+1 override requirement, whereas, Illinois, Maryland, Nebraska, North Carolina (which did not provide a gubernatorial veto until 1997), and Ohio employ a 3/5 override requirement.

[9] This is well accepted in the literature as a measure of executive budgetary success, see for example Canes-Wrone, Howell, and Lewis 2008; Howell and Jackman 2013; Kiewiet and McCubbins 1988

refers to increasing the legislature's ability to perform its policy-making role "with an expertise, seriousness, and effort comparable to other actors" in this process (Mooney 1995, 48-49). Measures of state legislative professionalization include increases in salary and benefits for its members, increased time demands of service including the move from part-time to full-time service, and increases in staff and resources (e.g. Squire 1988a, 1992, 1993, 1997, 2007). These factors increase the ability of the legislature to contend with the governor in the appropriations process (e.g. Abney and Lauth 1987) by allowing them to engage in protracted budget deliberations (e.g. Kousser and Phillips 2009). This institutional capacity provides legislatures the means to secure greater appropriations for their local geographic constituencies (e.g. Crain and Miller 1990).

Prior to this professionalization, these time and information scarce legislatures lacked the professional capability to make informed judgments in budgetary matters, and therefore relied on the governor's recommendations (e.g. Sharkansky 1968). While almost all of the state legislatures have experienced some degree of professionalization, this change has not been uniform with disparities existing between state legislatures (e.g. King 2000). Regardless, state legislatures come to their budgetary tasks far better prepared now (Rosenthal 1981), which ultimately can serve to derail the budgetary process and lead to a budget failing to be passed by the start of the next fiscal year.

Stemming from this discussion it is expected that:

Hypothesis 1a: Budgets impasses are less likely to occur when budgetary actors have greater institutional control over the budget process.

Hypothesis 1b: The length of a budget impasses should be shorter in duration when budgetary actors have greater institutional control over the budget process.

I expect the above hypotheses given that formal institutional capacity provides the holder (governors or state legislatures) with the ability to both control the budgetary agenda and serve as a veto player in blocking the policy movement away from the status quo toward the other actors most preferred outcome. Possessing greater institutional control over the budgetary process thus allows the holder to reduce gridlock over changes to the status quo decreasing the likelihood of observing a budget impasse and shortening the duration of an impasse should one occur.

2.6 The Influence of Divided Government

The budgetary process increases rather than resolves partisan competition (National Conference of State Legislatures 1995). During times of divided government, the dynamic between the governor and the legislature is very different than under periods of unified government (Clark 1998). During these periods, the governor faces either a unified legislature controlled by the opposition party (Unified Partisan Legislature Government) or a split legislature where the governor faces opposition from only one chamber of the legislature (Divided Partisan Legislature Government).[10] It is during these periods that the budgetary process becomes more difficult, with each branch/party seeking to pursue a budget in line with its ideological and policy goals. Bowling and Ferguson (2001) find that when a governor is faced by a unified legislature during times of divided government, the passage of conflictual policy was made more difficult.

As discussed above, the budget process is inherently conflictual. This conflict results in part from the constituencies and interests that each branch serves, with the governor representing the interests of the state as a whole with his own policy objectives and the state legislators

[10] See Huber, Shipan, and Pfahler (2001) for a discussion concerning these different configurations of partisan control of government.

seeking to please their constituents by bringing benefits back to their districts or by using the budget to reward special interest groups (Wallin 1999). This is only exacerbated during times of divided government when the most fundamental interests shared by the governor and the legislature during unified government now run counter. During periods of divided government the size of agency budget requests varies with the agency requests made by agency heads of the governor's political party receiving greater budget support than those made by the minority party agency heads (Clark 1997). Further, Democrats tend to target a larger share of the states income for the public budget than Republicans, with Republicans reacting more strongly to budget surpluses by reducing revenues than Democrats (Alt and Lowry 2000). Additionally, divided governments are less able to react quickly to exogenous shocks (Alt and Lowry 1994; Poterba 1994), making it more difficult for a state government to determine how to handle revenue shortfalls when developing a budget.

As discussed above, the tangible consequences resulting from a budget impasse can translate into decreased approval ratings for the budgetary actors. Public polls in those states that experienced a budget impasse reveal that budget impasses during periods of divided government can lead to both branches being faulted equally (see *Albuquerque Journal* 2000 for example which revealed that the New Mexico electorate almost equally blamed the Republican governor and unified Democratic legislature for the 2000 budget impasse). To avoid this blame, institutional powers are brought to task during periods of divided government to shepherd a budget bill through and avoid an impasse.

It is well documented that budgetary actors are more likely to utilize their formal powers under periods of divided government as compared to periods of unified government. During periods of unified government the executive benefits from ideologically proximate and policy

allies in control of the legislature as opposed to periods of divided government when the executive faces either a hostile branch or chamber.[11] As such, the use of a political actor's powers is more necessary under periods of divided government when policy and budgetary goals of the various political actors diverge. At the national level, Congress makes full use of its investigative authority, however while investigations of executive activity may always serve Congressional institutional goals, majorities rarely act against their electoral interests. Congress thus makes use of its investigative hearing authority more frequently and intensely under periods of divided, rather than unified, government (e.g. Campbell 1991; Mondak and McCurley 1994; Kriner and Schwartz 2008). Presidential use of formal authority varies depending on the political balance of power across the branches. A president is are more likely to employ their veto authority under periods of divided government compared to periods of unified government (e.g. Cameron 2000). Further, beyond the actual use of a veto, under periods of divided government, veto threats occur with greater frequency and are efficacious in extracting concessions (e.g. Cameron 2000). Finally, presidents employ signing statements more under periods of divided government than under periods of unified (e.g. Kelley and Marshall 2008). As viewed together, political actors utilize the powers at their disposal more often under periods of divided government as opposed to unified government.[12] Thus these budgetary actors are expected to utilize the available budgetary powers at their disposal to shepherd through a budget bill and avoid a budget stalemate.

[11] Similar to the ally principle in theories of delegation, see for example Bendor, Glazer, and Hammond (2001) and Bendor and Meirowitz (2004).

[12] Howell (2003) shows that presidents utilize their ability to unilaterally act during periods of unified government contrary to expectations of presidents employing these powers during periods of divided government. Budgets however pose a situation where Presidents cannot easily "go it alone" and must interact with the Congress in order to pass a budget.

Stemming from this discussion it is expected that:

Hypothesis 1c: The effect of greater institutional control over the budget process on the decreased likelihood of observing a budget impasse should be greater during periods of divided government than under periods of unified government.

Hypothesis 1d: The effect of greater institutional control over the budget process on the decreased duration of a budget impasse should be greater during periods of divided government than under periods of unified government.

I expect the above hypotheses given that partisan competition during periods of divided government makes the budgetary process more conflictual and fundamentally changes the dynamics between institutional actors during the budgetary process (e.g. National Conference of State Legislatures 1995; Clark 1998). Because periods of divided government necessitate the use of formal institutional capacity when policy and budgetary goals of the various political actors diverge compared to during periods of unified government when the governor and legislature benefit from ideologically proximity, the effect on decreasing the likelihood and duration of budget impasses should be greater under these political conditions.

2.7 Data and Methods

To examine the influence of the institutional capacity of the state political actors on both the probability of a state's budget failing to be passed by the start of the next fiscal year and the duration of budget impasses which do occur, this analysis considers the occurrences of late budgets in the American states from 1986 to 2006. **Late Budget**, is a measure for whether a state's budget was late in the given year. This dichotomous variable is measured 1 if the budget was late (passed after the start of the state's next fiscal year) and 0 if the state's budget was on time (passed prior to the start of the next fiscal year).[13] Within these data, 17.07% of the cases

[13] Data for this variable was provided by Justin Phillips from Kousser and Phillips (2012). These data include 48 states, excluding Nebraska because of its non-partisan legislature and Alaska because of its budget relies heavily on severance taxes on natural resources. Further, states only appear in their dataset for years in which a budget is required to be adopted with states that budget biennially appearing only every other year.

(140 of 820) were years in which the budget in the state was passed after the end of the state's fiscal year. **Figure 2.2** provides a graphical representation of the occurrences of budget impasses in the American states 1986-2006 as a percentage of their total budgets states (e.g. percentage of budgets which were late):

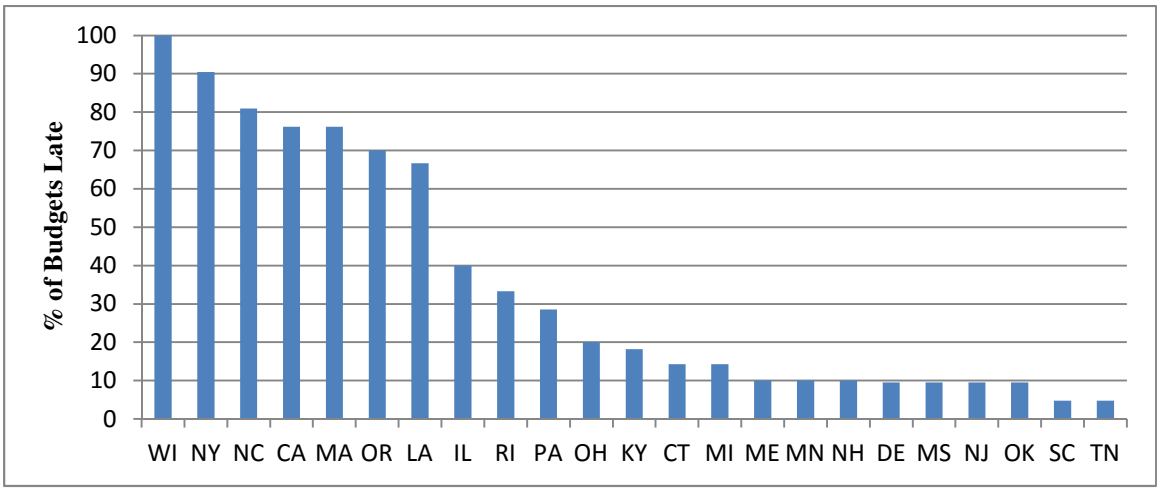

Figure 2.2: Late Budgets in the American States (1986-2006)

Days Budget Late, is a measure for the number of days beyond the current fiscal year that a state was late in adopting its next fiscal year budget. Of the 140 occurrences of late budgets within this sample period which occurred in 23 states, a budget impasse lasted on average 35.5 days beyond the end of the current fiscal year. These impasses lasted from as little as 1 day late like in Delaware 1987 to as many as 269 days late in Kentucky 2002 (with a sample

standard deviation of 45.5 days).[14,15] **Figure 2.3** provides an account of the duration of budget impasses by state/year observation:

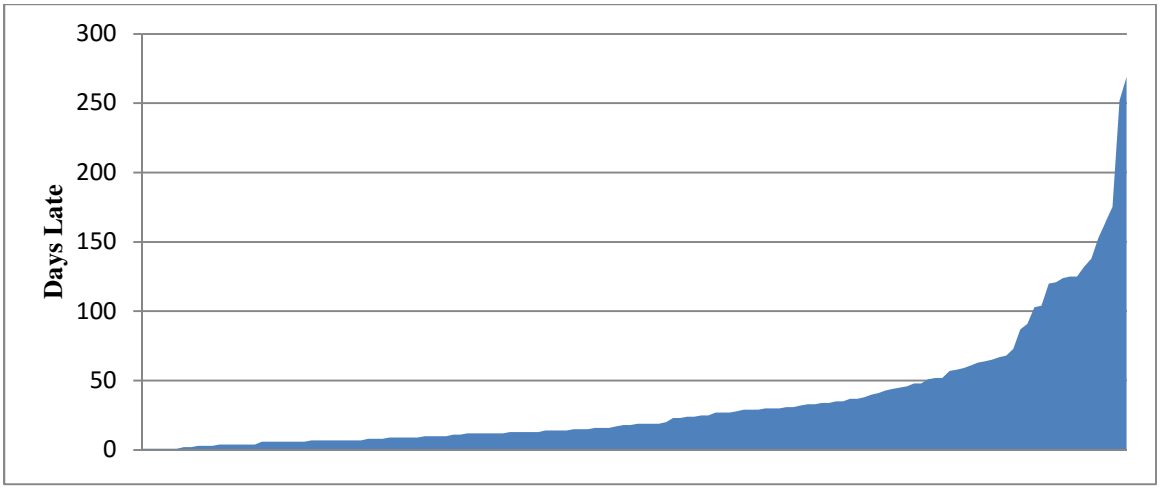

Figure 2.3: Duration of Budget Impasses (1986-2006)

To examine the occurrence and duration of a late budget, the following variables shall be considered. As discussed above, this essay departs from the previous scholarly work concerning the causes and consequences of budget impasses in the American states (e.g. Kousser and

[14] Tests for both skewness and kurtosis reveal that **Days Budget Late** is not normally distributed, exhibiting both a positive skew with a leptokurtic distribution, with the majority (80% = 112 observations) of the observed budget impasses lasting between 1 and 51 days after the end of the current fiscal year.

[15] An alternative specification of this dependent variable was additionally consider, where instead of using this censored indicator for days late where budgets passed on time were excluded, I include these on time or early passage budgets (alternatively coded as negative values). The results of this analysis are found in **Table A.1** in **Appendix A.** The random-effects regression analysis for cross-sectional time-series dataset reveals results which are an amalgamation of the main empirical analysis found in **Tables 2.2** and **2.3** below. While this analysis is interesting, it pools together to different aspects of the bargaining process, e.g. bargaining prior to the end of the fiscal year and bargaining during an impasse when the tangible costs of the actors are increasing, and effectively tempers variation unique to these time frames. To illustrate this point concerning an asymmetric bargaining process, further supplemental analysis splits the sample into those observations occurring prior to the end of the fiscal year [on time budgets] (found in **Table A.2** in **Appendix A**) and those occurring after the end of the fiscal year [late budgets] (found in **Table A.3** in **Appendix A**). The findings from this supplemental analysis support the findings in the main empirical analysis which suggest that institutional capacity has a differing effect, either increasing the likelihood of a budget occurring or shortening a budget impasse should one occur.

Phillips 2009; Andersen, Lassen, and Nielsen 2012; Klarner, Phillips, and Muckler 2012; and Kouser and Phillips 2012) in that it 1) does not assume that governors are uniform in their budgetary powers (e.g. Sharkansky 1968; Mowery, Kamlet, and Crecine 1980; Garand 1985; Gosling 1994), and 2) considers the governor's and legislature's institutional capacity relative to each other, given that most measures of legislative and gubernatorial strength covary positively and literature has acknowledged that gubernatorial power should be measured relative to that of the legislature (e.g. Dometrius 1987; Mueller 1985; Gross 1989). However, much ink has been spilled in an attempt to understand and define the institutional capacity of governors and state legislatures. Numerous measures of both executive capacity (e.q. Schlesinger 1971; Beyle 2010) and legislative capacity (e.g. Squire 2007) have emerged, and though widely used, are not without criticism.[16] To examine the impact of institutional capacity on budget impasses, this essay must carefully consider the operationalization of the institutional capacity of both governors and state legislatures over the budgetary process. As such, to understand how institutional capacity is used by the political actors in pursuit of their preferred budget, the budget process must be conceived of as just that, a process. At each step of the process, the formal and informal powers of the political actors, unilateral or shared, are brought to bear in an effort to secure the most preferred budget.[17,18]

[16] For example, the debate surrounding Beyle's index of budgetary powers highlights the fact that it does not assign varying weights to its constituent components and is not validated against an external criterion (e.g. Sigelman and Dometrius 1988). Further, the index is computed on an irregular basis for my sample period (1988, 1994, 1998, 2001, 2007). Krause and Melusky (2012) identify misclassifications between Byle's index and the source material taken from "The Governors: Powers—Budget Making Power" Table in The Book of the States (See page 6 of their online Supplementary Appendix for these misclassifications: http://www.pitt.edu/~gkrause/concentrated powers.krause&melusky.may 2012.jop online appendix.pdf)

[17] Initial attempts to model the relative institutional capacity of state governors and legislatures involved the development of a weighted index of institutional capacity. Exploratory factor analysis in MPLUS version 6.1 revealed that the individual factors of institutional capacity examined in this essay do not load together in any meaningful manner. As such, an index of relative institutional capacity, as originally conceptualized, is not appropriate for this analysis and thus these individual factors, discussed below, are examined individually in the regression equation. However, for investigative purposes, additive indexes of the following institutional capacity

As discussed above, the budgetary process begins with the development of the initial budget proposal which serves as the starting point for budgetary negotiations. Given the discussion above concerning the importance of both budget and revenue forecast formulation (e.g. Krause and Melusky 2012), **Budget Formulation Authority**(-)[19] in each state is coded 1 if the governor has sole authority and 0 otherwise.[20] Along with this budget proposal, a revenue forecast for the coming fiscal year is formulated which provides estimates as to the extent to which state taxing and spending will result in budget deficits(surpluses) and ultimately affect resource allocations for government programs (NASBO 2010). In the American states, all governors formulate a revenue forecast, however only 20% of these forecasts constitute the state's official revenue forecast projection. Beyond governors, many state legislatures and consensus groups are responsible for formulating these forecasts. When these official projections legally bind the state's budget, they provide a revenue ceiling which can set the framework under which the budgetary deliberations shall take place. As such, control over providing this binding official revenue forecast provides that actor with a powerful tool in the

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indicators were created (Governor Capacity Additive Index, Legislature Capacity Additive Index, and a difference between the two [Institutional Index]). For the legislature's session length indicator to be included in this index, the average session length across the included states was determined and those states above this average were coded as 1, 0 otherwise. The main analysis found below was reestimated with the inclusion of these indexes, the results of which are found in **Tables A.4 and A.5** in **Appendix A**. The results should be taken with a certain degree of caution because of the nature of these indexes, given that they are additive and indiscriminately weigh each component equally.

[18] Krupnikov and Shipan (2012) reconsider Beyle's commonly used Formal Powers Index (FPI), and develop a new approach which deals with the measurement error issues found in the FPI. Supplemental analysis utilizes their indicators of budgetary power taken from the NASBO survey: whether the governor can spend unanticipated federal funds without legislative approval; whether the governor has line-item veto power as related to the budget; whether the governor has the power to reorganize departments related to the budget without legislative approval; whether the governor reduce the budget without legislative approval; and the governor's level of preparation authority over the budget. The main analysis found below was reestimated with the substitution of these indicators, the results of which are found in **Tables A.6 and A.7** in **Appendix A**. Further, an additive index of these indicators was additionally created, the results of which are found in **Tables A.8 and A.9** in **Appendix A**. Though the indicators are not identical to those used in this study, the results still point to a similar though complex trend in institutional capacity.

[19] The parenthesis (-) or (+) following each covariate reflects the direction of the hypothesized relationship.

[20] Data for this component comes from the *Book of the States* (various years), Table "The Governors: Powers."

budgetary negotiations. The following covariates account for whether the official revenue forecast binds the budget conditioned by which entity is responsible that revenue forecast[21]: **Governor Possesses Official Revenue Forecast – Binds Budget** (-) coded 1 when the governor of the given state has official revenue forecast authority and the forecast serves to bind the budget in the state and 0 otherwise (N=72, 8.78%); **Governor Possesses Official Revenue Forecast – Does Not Bind Budget** (-) coded 1 when the governor of the given state has official revenue forecast authority but this forecast does not bind the budget in the state and 0 otherwise (N=77, 9.39%); **Legislature Possesses Official Revenue Forecast – Binds Budget (-)** coded 1 when the legislature of the given state has official revenue forecast authority and this forecast serves to bind the budget in the state and 0 otherwise (N=42, 5.12%); and **Legislature Possesses Official Revenue Forecast – Does Not Bind Budget (-)** coded 1 when the legislature of the given state has official revenue forecast authority but the forecast it formulates does not bind the budget in the state and 0 otherwise (N=239, 29.15%).[22]

With the budget proposal and official revenue forecast formulated, the legislature then reacts to these initial documents and the back and forth deliberations between the political actors over the state's budget begins. During these negotiations, the traditionally informational and staff resource rich governors (e.g. Beyle 1968; Morehouse 1981; Sabato 1983; Brace 1994) compete against the variable institutional capacity of their legislative counterparts (e.g. Pound 1992). The increases in professionalization experienced by the state legislatures (e.g. Squire 1988a, 1992, 1993, 1997, 2007) increase the ability of the legislature to contend with the governor in the appropriations process (e.g. Abney and Lauth 1987) and allowing them to engage in protracted budget deliberations (e.g. Kousser and Phillips 2009). Thus **Legislature Session**

[21] Consensus group revenue projections (binding and nonbinding) serve as the omitted category for this analysis.
[22] Data for these variables are taken from Krause and Douglas (2011). Revenue forecasts formulated by consensus groups serve as the baseline group for comparison.

Length (-) is coded as the number of days a state legislature is in session in a given year (min = 19 days [Wyoming 1994], max = 260 [New York 2004-2006], SD= 35.43, Mean = 70.61).[23,24]

As the budgetary negotiations progress towards a culmination in a final budget bill, certain governor's are presented with an opportunity to strike select provisions from a budget bill that crosses their desk. The line-item veto provides governors with a powerful tool in the budgetary process as discussed above. Thus **Governor Possesses Line Item Veto** (-) is coded 1 if the governor has the ability strike certain provisions from the appropriations bill passed by the legislature, and 0 otherwise (N= 708, 86.34%).[25]

Given the conflictual nature of the budget process which increases rather than resolves partisan competition (National Conference of State Legislatures 1995) making the passage of conflictual policy more difficult (e.g. Bowling and Ferguson 2001), two measures of divided government are included: where **Split Partisan Legislature Government** (+) is coded 1 for if the control of the chambers of the state legislature were divided between the two major political parties and 0 otherwise; and **Unified Partisan Legislature Government** (+) is coded 1 for if the branches of the government were divided between the two major political parties and 0

[23] Squire's measure of legislative professionalization is calculated at uneven intervals, and lacks the yearly observations necessitated by this study. The number of days in session provides an accurate reflection of both the time a legislature is able to devote to budgetary negotiations, as well as their level of patience in these negotiations (Kousser and Phillips 2009). Data for this variable was taken from "Bill and Resolution Introductions and Enactments" Table in The *Book of the States* (various years). Missing data was resolved through the use of state legislative session calendars. Information unable to be resolved through these means was imputed in STATA. Given that state legislative session lengths do not vary much from one year to the next, this method is appropriate. In some states, the *Book of the States* lists different session lengths for each legislative chamber. As such, the primary analysis in this essay employs the lower session length of the two chambers listed for that state, to avoid overestimating the session length of the state legislature. This measure of session length highly correlates (.63) with Squire's measure of legislative professionalism. However, to examine the robustness of this indicator, the models were reestimated with the inclusion of Squire's legislative professionalism index in place of the session length indicator, the results of which are found in **Tables A.10 and A.11** in **Appendix A**. Given the similarity in the findings and the theoretical justifications for the use of session length as noted above, the main analysis utilizes the session length indicator over Squire's legislative professionalism index.

[24] Alternative measures of legislative professionalism often employ only state legislative salary. Real average state legislative salary correlates with legislative session length (.50), and when substituted for session length in reveals results similar to that from the primary analysis.

[25] Data for this variable is taken from the *Book of the States* (various years), Table "The Governors: Powers."

otherwise.[26] To examine the conditional relationship between institutional capacity and divided government, interactions between these measures of divided government and the above measures of institutional capacity are included.

Several other variables which are thought to influence the occurrence and duration of a budget impasse are considered. Since politicians are single-minded seekers of reelection and this affects their behavior while in office (e.g. Mayhew 1974; concerning state political actors in particular, e.g. Besley and Case 1995; Lowry, Alt, and Ferree 1998), especially when they could be ascribed blame for a budget impasse (Kousser and Phillips 2012), an electoral control is included. The variable **Legislative Election Year** (-) is a measure for whether state legislative elections were to take place in the given year. This dichotomous variable is coded 1 if a legislative election will take place in the given year and 0 otherwise (N=330, 40.24%).[27]

Further, governors are concerned with the legacy they will leave at the end of their tenure in office. Legacy years are those years in which the governor is negotiating their final budget prior to leaving office (e.g. final year of a lame duck term). During these years the governor is very patient and more willing to endure a budget impasse given that while they no longer fear the electoral consequences of their behavior and they are however concerned with their legacy

[26] Data for this variable was taken from Carl Klarner's "State Partisan Balance Data" located at http://www.indstate.edu/polisci/klarnerpolitics.htm. Unified government serves as the omitted category for baseline comparison. Supplemental analysis utilizing a simple divided government indicator (naïve approach – coded 1 if any part of the government was controlled by a different political party, 0 otherwise) was conducted. The findings from this supplemental analysis are found in **Tables A.12** and **A.13** found in **Appendix A**. Though the findings are similar to the main analysis, this approach omits meaningful variation under periods of split legislative control (Divided Partisan Legislature Government).

[27] Data for this variable was taken from Scammon and McGillivray's *America Votes* series (various years). A measure of gubernatorial election years highly correlates with legislative election years (.66). Given the significant overlap between the occurrence of gubernatorial elections concurrent with state legislative elections, this measure of state legislative election years is employed.

(Kousser and Phillips 2012). **Governor Legacy Year** (+) is coded 1 if the governor is in his/her legacy year and 0 otherwise (N=41, 5.0%).[28]

Officials at the National Conference of State Legislatures suggest that certain legislative rules and procedures can increase the likelihood that a state will fail to pass its budget in a timely manner (Eckl 1998; Pulsipher 2004). Further, the National Conference of State Legislatures officials suggest that supermajority requirements to pass an appropriations bill can also affect the likelihood that a bill is passed in a timely manner (Pulsipher 2004; Cain and Snell 2007; Sunnucks 2009). The variable **Supermajority Requirement** (+) is a measure for whether the state has a supermajority requirement for passage of an appropriations bill, coded 1 if the state has a supermajority requirement and 0 if the state does not have a supermajority requirement (N=52, 6.34%).[29]

The complexity of a state's budget can make the budget process more difficult (Klarner, Phillips, and Muckler 2012). The budgets in states with sizable public sectors burden lawmakers with a significantly larger workload when formulating their appropriations bills. Like the aforementioned scholars, I include three variables to test whether the complexity of budgeting affect the likelihood that a budget fails to be passed by the start of the next fiscal year: the **Real**

[28] Several electoral factors were additionally considered as alternative influences which strengthen or weaken a governor's bargaining position. Given that gubernatorial public approval numbers are not widely available for all states nor are they systematically collected, a governor's previous electoral vote share is therefore considered. Further, their electoral eligibility (e.g. term limited or not) and whether they harbor progressive ambition (if the governor ever sought election to higher office after serving as governor) are additionally examined. These indicators are included in the supplementary analysis which reestimates the main empirical models, the results of which are found in **Appendix A** (*Electoral Eligibility*: **Tables A.14** and **A.15**; *Previous Electoral Vote Share*: **Tables A.16** and **A.17**; and *Progressive Ambition*: **Tables A.18** and **A.19**). Given that the inclusion of these variables only has a minimal impact upon the main findings while yielding null findings themselves, in the interest of using a more parsimonious model, these findings remain supplementary.

[29] Data for this variable was taken from *The Book of the States* (various years).

General Expenditures (+),[30] operationalized as the state's total real expenditures in a given year (Mean=$1,6000,000, SD=$18,400,000); whether the state operates under a **Biennial Budget** (+), coded 1 if the state budgets biennially and 0 otherwise (N=225, 27.44%); and the month in which the state fiscal year or biennium begins (**Year Begins** (+)).[31]

Additionally, the budget proposals that governors submit are usually in balance which makes it difficult for the legislature to change them, given that all but a few states have a constitutional balanced budget requirement. However, in circumstances when a budget was expected to be in balance, states which do not allow deficits to be carried over from one fiscal year to the next must either cut spending or increase revenues to balance the budget (McGranahan 2002). Deficit carryover provisions thus provide teeth to the state balanced budget requirements. **No Balance Budget Requirement** (-) is a measure for whether the state lacks both the requirement that a balanced budget be enacted nor that deficits cannot be carried over into the next fiscal year. This dichotomous variable is thus coded 1 if the states does not require a balanced budget nor have provisions prohibiting deficit carryover and 0 otherwise (N=449, 54.76%).[32]

The fiscal health of the state can influence the passage of a state's budget given that when the state and its citizens are enjoying relative financial prosperity, with increased revenues, divergence in the budgetary process over spending priorities is more easily accommodated (Klarner, Phillips, and Muckler 2012). The variable **Surplus** (-) is included to capture these periods of state prosperity. It is measured as the difference between total expenditures and

[30] Data for this variable comes from *The Book of the States*, Table "State Expenditure, By Character and Object and By State'' (various years).
[31] Data for these variables were taken from *The Book of the States* (various years).
[32] These data come from *Balanced Budget Requirements: State Experiences and Implications for the Federal Government. Briefing Report to the Chairman, Committee on the Budget, House of Representatives* (March 1993). Washington DC: United States General Accounting Office.

revenues, with negative values indicating a budget deficit, lagged one period (t-1) (Mean=7.54, SD=8.95).[33] I additionally include the **Change in Annual Per Capita Personal Income** (total personal income divided by total midyear population) (-) (Mean=2.02, SD=2.15).[34,35]

To model the factors which influence the likelihood of a given state failing to adopt it's budget in a timely manner, I account for both unobserved heterogeneity across states and dependence within states by estimating a random-effects logit model for cross-sectional time-series data. This statistical approach allows for the inclusion of several theoretically important time-invariant variables discussed above, thus providing empirical leverage over a fixed-effects approach which necessitates the omission of these variables. Finally, to model the factors which influence the duration of a budget impasse in state-years when they do occur, I fit a Cox proportional hazards model.[36] This semiparametric model has an advantage over fully parametric models, such as the exponential or Weibull models, in that it makes no assumptions about the shape of the baseline hazard (the form of duration dependence), but however requires a proportional hazards assumption that the baseline hazard does not vary across observations.[37]

[33] Data for this variable was provided by Justin Phillips from Klarner, Phillips, and Muckler (2012)
[34] Data for variable are from the Bureau of Economic Analysis
[35] Descriptive statistics for the above indicators are included in **Table A.20** in **Appendix A** and show that most variation in the included independent variables naturally occurs between states as opposed to within states. Further, many variables experience little or no change over time, further warranting the use of a random effects approach.
[36] See **Figure A.1** in **Appendix A** for the baseline hazard rate of budgetary delay which indicates that the hazard rate does not follow a functional form better suited to a parametric duration model. A key assumption of the Cox model is that the hazard rates for two observations are proportional to one another and that proportionality is maintained over time. Visual examination of the plotted survival function vs time as well as tests of residuals indicate that there is no violation of this key assumption. However, given the smoothness of the baseline hazard rate of budgetary delay, supplemental analysis was conducted with a fully parametric survival model with a Weibull distribution. See **Table A.21** in **Appendix A** for these results.
[37] For a comparison of parametric and proportional hazard rate models, see Box-Steffensmeier and Jones (1997)

Failure is specified as when a state adopts its budget for the next fiscal year bringing the budget impasse to an end.[38]

The following section presents and discussed the results from these analysis examining both the likelihood of occurrence as well as duration of budget impasses in the American states.

2.8 Statistical Findings

The results of the regression analysis examining the likelihood of observing a budget impasse are presented in **Table 2.2** below:

[38] While these sophisticated methodological approaches are used in the main empirical analysis to overcome several issues discussed above, readers are encouraged to examine the supplemental results from the less statistically sophisticated models presented in **Tables A.22** and **A.23** (the main institutional capacity covariates), as well as **Tables A.24** and **A.25** (additive institutional indexes covariates from the prior supplemental robustness checks), found in **Appendix A**. While the results are fairly robust across these alternative specifications, comparison across the models should be taken with some caution given that these models could suffer from the issues as addressed above.

Table 2.2: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006)

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.013 (0.478)	–	1.361+ (0.945)	1.307+ (0.936)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.723** (1.188)	–2.713** (1.178)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.665 (1.071)	–0.727 (1.060)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.795 (1.306)	–	–1.382 (1.776)	–1.309 (1.775)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.271+ (1.609)	2.196+ (1.581)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.671** (1.538)	3.713** (1.536)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.688 (0.865)	–	–0.161 (1.375)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.338 (2.258)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.221 (1.748)	–
Governor Possesses Line Item Veto (-)	–0.489 (0.831)	–	–2.021* (1.176)	–2.093* (1.164)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.678** (1.719)	3.749** (1.716)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.220 (1.162)	0.426 (1.144)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.750** (1.738)	3.807** (1.741)	3.866* (1.990)	3.947** (1.988)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–0.192 (1.541)	–0.268 (1.504)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.235 (1.592)	0.356 (1.584)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.260 (0.691)	–	–0.755 (0.990)	–0.718 (0.969)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.796+ (1.172)	1.749+ (1.134)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.208 (0.987)	1.342+ (0.980)
Legislature Session Length (-)	0.014** (0.007)	0.013** (0.007)	0.023** (0.012)	0.023** (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.016 (0.013)	–0.016 (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.003 (0.013)	–0.004 (0.013)
Divided Partisan Legislature Government (+)	0.650+ (0.429)	0.687+ (0.428)	0.153 (2.263)	0.162 (2.218)
Split Branch Government (+)	0.913*** (0.364)	0.925*** (0.361)	0.825 (1.483)	0.717 (1.466)

Table 2.2 Continued				
Governor Legacy Year (+)	–0.633 (0.778)	–0.664 (0.774)	–0.790 (0.813)	–0.759 (0.812)
Legislative Election Year (-)	0.151 (0.332)	0.151 (0.332)	0.116 (0.347)	0.102 (0.347)
Real General Expenditures (+)	6.23E-09 (1.40E–08)	6.20E-09 (1.39E–08)	1.33E-08 (1.53E–08)	1.44E-08 (1.53E–08)
Biennial (+)	0.576 (0.765)	0.624 (0.755)	0.516 (0.813)	0.419 (0.805)
No Balanced Budget Restriction (-)	–1.652** (0.735)	–1.689** (0.734)	–1.719** (0.773)	–1.735** (0.778)
Surplus (-)	–0.033* (0.017)	–0.034** (0.017)	–0.039** (0.018)	–0.040** (0.018)
Pct Δ Real Per Capita Income (-)	–0.153** (0.067)	–0.158** (0.067)	–0.171** (0.073)	–0.176** (0.073)
Supermajority Requirement (+)	2.105^{+} (1.557)	2.069^{+} (1.504)	2.088 (1.649)	1.863 (1.636)
Fiscal Year Begins (-)	–0.784^{+} (0.498)	–0.774^{+} (0.502)	–0.725^{+} (0.515)	–0.713^{+} (0.520)
Constant	2.026 (3.712)	1.642 (3.712)	1.483 (4.006)	1.505 (4.034)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	452.614	444.254	451.734	447.215
BIC	546.800	514.894	611.850	593.203
Panel-Level Variance	1.503 (0.427)	1.550 (0.416)	1.531 (0.438)	1.560 (0.430)
SD of Random Effects	2.120 (0.453)	2.171 (0.452)	2.150 (0.471)	2.182 (0.470)
Proportion of Total Variance Contributed by Panel-Level Variance	0.577 (0.104)	0.589 (0.101)	0.584 (0.106)	0.591 (0.104)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

The **Model 1** and **Model 2** specifications do not control for the conditional relationship between institutional capacity and divided government which is examined in the **Model 3** and **Model 4** specifications. **Model 2** and **Model 4** omit the insignificant indicators of institutional capacity to test the robustness of those significant indicators.[39] A more sophisticated picture of institutional capacity in the American states and its influence in the budgeting process emerges from these results.

Model 1 reveals that both forms of divided government (*Divided Partisan Legislature Government* and *Unified Partisan Legislature Government*) matter in significantly increasing the likelihood that we will observe budget impasse in the American states. However, when examining the various measures of relative institutional capacity, contrary to theoretical expectations, most measures of institutional capacity are found to increase the occurrences of budget impasses in the American states (with the exception of when governors have official revenue forecast authority which does not bind the states budget and when governors have line item veto authority, although both measures fail to obtain a level of statistical significance). Of these measures, only two of the indicators controlled by a state legislature are found to significantly increase the likelihood of observing a budget impasse (when legislatures have official revenue forecast authority which binds the states budget and the number of days a legislature is in session).

[39] Measures of model fit (Akaike information criterion and Bayesian information criterion) across the 4 models reveal that, as expected, Model 2 and Model 4 have lower values indicating that the more parsimonious models (those which include only the significant institutional capacity indicators and interactions) are better at explaining the occurrence of budget impasses in the American states.

As hypothesized, the ancillary control variables reveal several intriguing patterns consistent with the prior literature.[40] The more complex a state's budget (*Biennial* and *Real General Expenditures*, though both fail to obtain a level of statistical significance) and the more restrictive institutional rules a state has concerning the budget process (*Supermajority Requirement*), the greater the likelihood of observing a budget impasse. Further, the less stringent the intuitional rules concerning the passage of a state's budget (*No Balanced Budget Restriction* and *Fiscal Year Begins*) and the greater the state's fiscal prosperity (*Surplus* and *Pct* Δ *Real Per Capita Income*), the less likely a state is in failing to pass its budget by the start of the next fiscal year. The political costs surrounding the budgetary actors revealed results contrary to theoretical expectations (*Governor Legacy Year* and *Legislative Election Year*), though neither indicator obtained a level of statistical significance.

While the results in **Model 1** (and confirmed in **Model 2**) reveal a moderate effect of institutional capacity on the likelihood of a state failing to pass its budget in a timely manner, however when I account for the conditional effect between the various measures of institutional capacity and divided government, the results in **Model 3** provide a more accurate picture of budgeting in the American states.[41] During periods of unified government, when both branches are controlled by the same political party, when the governor has binding official revenue forecast authority (*Governor Possesses Official Revenue Forecast Authority – Binds Budget*) [-

[40] Both the magnitude and level of statistical significance of these results are similar across all four models. The measures of divided government (*Divided Partisan Legislature Government* and *Unified Partisan Legislature Government*), which were marginally significant and significant at $p \leq .01$ in Model 1 and Model 2, lose statistical significance when the conditional relationship is considered in Model 3 and Model 4. Additionally, the measure for state supermajority rules (*Supermajority Requirement*), which was only marginally statistically significant in Model 1 and Model 2, fails to obtain a level of statistical significance in Model 3 and Model 4.

[41] The percentage in brackets found after each variable reflects the marginal effect of each key independent variable. For binary indicators this reflects a discrete change as the binary independent variable changes from 0 to 1. For the only continuous indicator, *Legislature Session Length* the value indicates the instantaneous rate of change.

1.62%], when either the governor or the state legislature have nonbinding official revenue forecast (*Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget* [-0.29%] and *Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget* [-1.26%]), and when a governor can strike certain provisions from the budget document (*Governor Line Item Veto*) [-8.69%], all indicators decreases the likelihood of observing a budget impasse, yet only the indicator for the governor's line item veto authority is found have a significant effect. Of the remaining indicators of relative institutional authority, when the governor has budget formulation authority (*Governor Possesses Budget Formulation Authority*) [1.86%], when the legislature has binding revenue official forecast authority (*Legislature Possesses Official Revenue Forecast Authority – Binds Budget*) [42.06%], and the session length of the state legislature (*Legislature Session Length*) [0.04%] all significantly increase the likelihood of observing a budget impasse. From these results, under periods of unified government, more legislative budget authority indicators significantly influence the likelihood of a budget impasse than gubernatorial budget authority indicators. When legislatures are equipped with greater budgetary authority during periods of unified government, a state is more likely to experience a late budget than a state in which the legislature lacks those budgetary tools. In particular, there is a sizeable 42.06% increase in the probability of observing a budget impasse when a state moves from not having a legislative formulated official revenue forecast which binds the budget to one which does (a 0 to 1 change). During periods of unified government, with both branches controlled by the same political party, we should expect little need for the budgetary actors to need to utilize their institutional capacity when negotiating with their partisan allies. As such, wielding these indicators of increased budgetary authority appear to work to the

disadvantage of the wielder, increasing budgetary conflict and pushing a state closer to failing to pass its budget by the start of the next fiscal year.

When examining institutional capacity conditional on divided partisan legislature government, when the governor has a political ally in control of one chamber of the state legislature, a similar effect is observed. During this condition, governors with sole authority to formulate the states budget proposal (*Governor Budget Formulation Authority x Divided Partisan Legislature Government*) [-0.07%], the legislature has binding official revenue forecast authority (*Legislature Binding Revenue Forecast Authority x Divided Partisan Legislature Government*) [54.05%], and the session length of the state legislature (*Legislature Session Length x Divided Partisan Legislature Government*) [0.02%] all decreases the likelihood of observing a budget impasse, though only the governors budget formulation authority reaches a level of statistical significance. However, if governors have either the binding or nonbinding official revenue forecast authority (*Governor Binding Revenue Forecast Authority x Divided Partisan Legislature Government* [4.81%] and *Governor Nonbinding Revenue Forecast Authority x Divided Partisan Legislature Government*) [0.72%], when governors have line item veto authority (*Governor Line Item Veto x Divided Partisan Legislature Government*) [3.93%], and a state legislature having nonbinding official revenue forecast authority (*Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Legislature Government*) [4.97%], with the exception of nonbinding gubernatorial official revenue forecast authority, significantly increases the likelihood that a state fails to pass its budget in a timely manner. Though contrary to expectations, during these periods of divided partisan legislature government increased gubernatorial budget authority (*Governor Binding Revenue Forecast Authority, Governor Nonbinding Revenue Forecast Authority,* and *Governor Line Item Veto*) increases the probability

of a late budget. When governors have greater institutional capacity and have a partisan ally controlling one chamber of the legislature, it is understandable that a response of the minority in control of a singular chamber of the legislature would be to generate resistance in the budgetary negotiations and increase the likelihood of a state experiencing a late budget.

Similarly, this effect is observed during periods of unified partisan legislature government, when the governor faces a hostile legislature controlled by the opposite political party. Although failing to obtain a level of statistical significance, when a governor can formulate the budget proposal for the state (*Governor Budget Formulation Authority x Unified Partisan Legislature Government*) [2.47%] when the governor has nonbinding official revenue forecast authority (*Governor Nonbinding Revenue Forecast Authority x Unified Partisan Legislature Government*) [-3.71%], and the length of the legislative session (*Legislature Session Length x Unified Partisan Legislature Government*) [0.09%] all decreases the likelihood of observing a budget impasse. Though when either governors and state legislatures have binding official revenue forecast authority (*Governor Binding Revenue Forecast Authority x Unified Partisan Legislature Government* [23.60%] and *Legislature Binding Revenue Forecast Authority x Unified Partisan Legislature Government*) [65.83%], when state legislatures have nonbinding official revenue forecast authority (*Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Legislature Government*) [2.11%], and when the governor has line item veto authority (*Governor Line Item Veto x Unified Partisan Legislature Government*) [-14.53%] all indicators increases the likelihood of observing a budget impasse, though only the governor's binding official revenue forecast authority is found to significantly increase this likelihood.[42] As observed from these results, under periods of unified partisan legislature government, increased

[42] The above findings from **Model 3** are consistent and confirmed in **Model 4**.

budgetary authority yielded several substantively sizeable effects on the likelihood of observing a late budget, however these effects failed to attain similar levels of statistical significance as during periods of either unified government or divided partisan legislature government. Though estimated with greater imprecision, the majority of the indicators of budgetary authority (2 gubernatorial and 2 legislative) increase the likelihood of state failing to pass its budget by the start of the next fiscal year, consistent when the effects during periods of divided partisan legislature government.

As the above results reveal, an interesting picture concerning the influence of institutional capacity conditioned by divided government emerges, such that contrary to theoretical expectations, increased budgetary authority increases the probability that a state will fail to pass its budget on time plunging the state into a budget impasse. In this game of budgetary chicken ending with "who blinks first" (Kousser and Phillips 2011), these budgetary actors bring whatever advantages they have at their disposal to the budgetary negotiations to secure their most preferred budget. When faced with these institutional powers, the weaker actors may have little recourse than to dig their feet into the sand, recalcitrant to the efforts of the stronger budgetary actor, leading to a late budget.

To examine when these budget impasses do occur, a Cox proportional hazards model is employed, examining how the institutional capacity of governors and state legislatures, conditioned by divided government, affects the duration of a budget impasse. Values listed are hazard ratios, with values greater than 1 imply the hazard rate is increasing; hence, the survival time is shortened (i.e. the presence of the variable increases the probability that the budget impasse will come to an end), while coefficients smaller than 1 imply the hazard rate is decreasing; hence, the survival time is lengthened (i.e. the presence of the variable decreases the

probability that the budget impasse will come to an end). The results of the regression analysis examining the duration of a budget impasse are presented in **Table 2.3** below:

Table 2.3: Duration of Budget Impasse in the American States (1986 – 2006)

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.897 (0.282)	–	0.660 (0.462)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	2.269 (1.742)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.099 (0.856)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.798^{+} (0.653)	1.614^{+} (0.564)	35.978*** (43.300)	29.969*** (34.738)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.041** (0.0566)	0.043** (0.054)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.055** (0.073)	0.074** (0.094)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.493 (0.344)	–	0.089** (0.101)	0.107** (0.117)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	162.320*** (263.264)	77.139*** (117.886)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	273.332*** (489.781)	227.018*** (397.355)
Governor Possesses Line Item Veto (-)	0.820 (0.345)	–	1.377 (0.903)	1.405 (0.743)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.158^{+} (0.202)	0.163^{+} (0.188)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.548 (1.468)	1.556 (1.180)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.991^{+} (0.983)	2.143* (0.878)	3.439^{+} (2.895)	3.454* (2.209)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.1755^{+} (0.206)	0.151** (0.139)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.687 (2.600)	2.477 (2.120)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.362 (0.433)	–	0.772 (0.508)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.060 (1.780)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.841 (2.330)	–
Legislature Session Length (-)	0.998 (0.003)	–	0.998 (0.005)	–
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.002 (0.007)	–
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.992 (0.006)	–
Divided Partisan Legislature Government (+)	0.702 (0.232)	0.733 (0.224)	1.692 (2.551)	5.079^{+} (5.906)
Unified Partisan Legislature Government (+)	0.887 (0.228)	0.902 (0.216)	0.687 (0.652)	0.449 (0.340)

Table 2.3 Continued				
Governor Legacy Year (+)	0.956 (0.534)	1.001 (0.555)	0.736 (0.416)	0.842 (0.474)
Legislative Election Year (-)	1.076 (0.222)	1.042 (0.207)	1.250 (0.277)	1.278 (0.264)
Real General Expenditures (+)	1.000 (6.88E–09)	1.000* (5.80E–09)	1.000^{+} (1.07E–08)	1.000 (8.04E–09)
Biennial (+)	0.219*** (0.083)	0.295*** (0.086)	0.138*** (0.062)	0.177*** (0.061)
No Balanced Budget Restriction (-)	0.940 (0.331)	0.713 (0.212)	0.983 (0.411)	0.822 (0.274)
Surplus (-)	1.040*** (0.011)	1.036*** (0.010)	1.041*** (0.013)	1.047*** (0.012)
Pct Δ Real Per Capita Income (-)	0.976 (0.037)	0.962 (0.034)	0.992 (0.042)	0.970 (0.035)
Supermajority Requirement (+)	0.707 (0.395)	1.108 (0.400)	0.957 (0.817)	1.609 (0.824)
Fiscal Year Begins (-)	1.221 (0.226)	1.205^{+} (0.153)	1.217 (0.268)	1.252^{+} (0.182)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1102.188	1096.398	1103.102	1094.820
BIC	1155.138	1134.640	1197.235	1162.478
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

A similarly complex pattern emerges from the above results when each of the indicators of institutional capacity is examined. When the governor has budget formulation authority under periods of unified government (*Governor Possesses Budget Formulation Authority*) the hazard rate is decreased by 34%,[43] increasing the amount of time a state must endure a budget impasse. However under periods of divided partisan legislature government (*Governor Budget Formulation Authority x Divided Partisan Legislature Government*) the hazard rate is increased by 126.9%, and under periods of unified partisan legislature government (*Governor Budget Formulation Authority x Unified Partisan Legislature Government*) the hazard rate is increased 9.9%, both shortening the time until a budget is passed after the end of the current fiscal year. However, none of the indicators achieve a level of statistical significance.

[43] Changes in hazard rate computed as: (1 - Hazard Ratio)*100, with positive values indicating increases in the hazard rate and negative values indicates decreases in the hazard rate.

When the governor has official revenue forecast formulation authority which binds the state's budget under periods of unified government (*Governor Possesses Official Revenue Forecast Authority – Binds Budget*) the hazard rate is increased by 3497.8%, significantly decreasing the length of a budget impasse. Yet, under periods of divided partisan legislature government (*Governor Binding Revenue Forecast Authority x Divided Partisan Legislature Government*) the hazard rate is decreased by 95.9%, and under periods of unified partisan legislature government (*Governor Binding Revenue Forecast Authority x Unified Partisan Legislature Government*) the hazard rate is decreased 94.5%, both significantly increasing how long a state endures a budget impasse. However, when the governor has official revenue forecast formulation authority which does not bind the state's budget under periods of unified government (*Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget*) the hazard rate is decreased by 91.1%, significantly lengthening a budget impasse. Yet, under periods of divided partisan legislature government (*Governor Nonbinding Revenue Forecast Authority x Divided Partisan Legislature Government*) the hazard rate is increased by 16132%, and under periods of unified partisan legislature government (*Governor Nonbinding Revenue Forecast Authority x Unified Partisan Legislature Government*) the hazard rate is increased 27233.2%, both significantly shortening the length of time until failure occurs and a state passes its new budget.[44]

Examining the final formal authority afforded certain governors, when the governor has the authority to strike certain provisions from the state's budget, under periods of unified government (*Governor Possesses Line Item Veto*) the hazard rate is increased by 37.7%, though

[44] These extreme values should be taken with some caution given that of the 140 observations of late budgets, there are 8 *Governor Nonbinding Revenue Forecast Authority x Divided Partisan Legislature Government observations*, though 23 *Governor Nonbinding Revenue Forecast Authority x Unified Partisan Legislature Government* observations.

failing to obtain a level of statistical significance. Under periods of divided partisan legislature government (*Governor Line Item Veto x Divided Partisan Legislature Government*) the hazard rate is decreased by 84.2% (obtain a level of only marginal statistical significance), and under periods of unified partisan legislature government (*Governor Line Item Veto x Unified Partisan Legislature Government*) the hazard rate is increased 54.8%.

Taken together, of the governor's forms of budgetary authority, official revenue forecasts formulated by the governor (both binding and nonbinding) significantly influence the duration of a budget impasse. Under periods of unified government, binding official revenue forecasts shorten budgetary delays while nonbinding forecasts only exacerbate the problem lengthening these delays. However when divided government is accounted, for an opposite effect is observed. I would surmise that under periods of unified government, when the governor has partisan allies controlling both chambers of the state legislatures, the governor's official revenue forecast sets a ceiling for the budget negotiations under which the 2 budgetary actors are initially closer on the budgetary outcomes than when the governor faces either a unified or divided partisan legislature, in effect shortening the length of time until a state adopts a new budget. Yet, when the government is divided against the governor, the ceiling these binding official forecasts sets only serve to complicate the negotiations, extending the budgetary delays.

For those powers afford to state legislatures, when state legislature has official revenue forecast formulation authority which binds the state's budget under periods of unified government (*Legislature Possesses Official Revenue Forecast Authority – Binds Budget*) the hazard rate is increased by 243.9%, significantly shortening a budget impasse period. While under periods of divided partisan legislature government (*Legislature Binding Revenue Forecast Authority x Divided Partisan Legislature Government*) the hazard rate is decreased by 82.5%

(significantly lengthening these periods), and under periods of unified partisan legislature government (*Legislature Binding Revenue Forecast Authority x Unified Partisan Legislature Government*) the hazard rate is increased 168.7%, though this indicator fails to achieve a level of statistical significance. Yet, when the legislature has official revenue forecast formulation authority which does not bind the state's budget under periods of unified government (*Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget*) the hazard rate is decreased by 22.8%. While under periods of divided partisan legislature government (*Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Legislature Government*) the hazard rate is increased by 106%, and under periods of unified partisan legislature government (*Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Legislature Government*) the hazard rate is increased 184.1%. However, all of these indicators fail to achieve a level of statistical significance.

Finally, for each additional day the legislature is in session under periods of divided government (*Legislature Session Length*) the hazard rate is decreased by 0.2%, increasing the length of a budget impasse. Under periods of divided partisan legislature government (*Legislature Session Length x Split Divided Partisan Legislature Government*) the hazard rate is increased by 0.2%, and under periods of unified partisan legislature government (*Legislature Session Length x Unified Partisan Legislature Government*) the hazard rate is decreased by 0.8%. However, all of these indicators fail to achieve a level of statistical significance.

From the above analysis, it can be seen that when accounting for divided government (either divided or unified partisan legislature government) a fairly consistent picture emerges concerning the influence of budgetary authority on the length of delay. During periods of unified partisan legislature government, the majority of the budgetary authority measures (both for

governors and legislatures) serve to shorten the length of budget impasses. A similar pattern occurs during periods of divided partisan legislature government. Examining these effects, despite being estimated rather imprecisely, most indicators of budgetary authority reveal a sizeable impact on shortening the length of the budgetary delay. From a practical standpoint, these budgetary powers, when held by governors or legislatures, allow the wielder to resolve interbranch conflict by circumventing institutional logjams. Increased budgetary authority can be viewed as a method to conflict resolution, by allowing for one actor to dominate the budgetary process and obtain the passage of the state's budget document.

Taken together, these effects comport with the explanation advanced in this manuscript where budgetary success (passage of a state's budget in a timely manner) is a result of power imbalances among state budgetary actors, with the stronger actor being able to advance the budgetary despite the resistance of the other budgetary actors (*Institutional Capacity Explanation*). However, could these actors of limited institutional capacity perhaps be relenting to the demands of the stronger actor because they lack the incentive to fight back and engaged in protracted budgetary negotiations compared to more higher capacity actors (*Incentives Explanation*). As such, this alternative explanation for both budgetary impasse occurrence and delay is examined.

Previous Congressional research has shown that the more experienced politicians behave more strategically than amateur politicians (e.g. Banks and Keiwiet 1989; Canon 1990; Krasno and Green 1988). A similar trend in behavior has been observed in the American state legislative chambers between the professional and citizen legislatures (e.g. Squire 1988b). The characteristics of the state legislature serve to attract members with similar career ambitions, with more professional legislatures placing greater valuation on their legislative seat and

attracting career oriented, long-term politicians compared to their amateur counterparts in less professional legislatures (e.g. Squire 1988a, 1988a; Berkman 1994; Maestas 2003). For these amateur legislatures, many of the members of which are only serving out of a civic duty and in part-time service, what incentive is there to fight with the governor risking protracted budget negotiations which 1) could result in additional time away from their full-time professions, or 2) could result in electoral sanctioning for budgetary delay increasing the cost to retain a lower valued seat? As such a rough proxy measure for the valuation attached to a states legislative seat was computed using the *State Legislative Election Returns Data*, *1967-2010* (Klarner, Berry, Carsey, Jewell, Niemi, Powell, and Snyder 2013). With the understanding that more professional legislatures more highly value their seats and desire to retain that seat for longer periods of time, **Average Legislative Terms – Both Chambers** is a measure for the average number of terms served by the seated membership each session (averaged across chambers).[45] To examine differences between state legislative chambers, the separate chamber term averages by session are included (**Average Legislative Terms – Upper Chamber** and **Average Legislative Terms – Lower Chamber**). It is expected that as the seat is more highly valued, it is less likely that the legislature is willing to relent to the demands of the governor, thus increasing the likelihood of observing a budget impasse and increasing the duration should an impasse occur.[46]

However some states artificially alter the behavior of their legislators and devalue their legislative seats through the imposition of term limits. The value of a political office depends on what the holder can achieve while controlling it and how long the property rights are to it, thus

[45] As Nebraska is excluded from the primary analysis, there is no concern for a differing effect of a unicameral legislature included in this variable.

[46] The valuation of a legislative seat has been associated with state legislative professionalism (see for example Maestas 2003). As addressed above, this manuscript's supplemental analysis examined the traditional measure of legislative professionalism, legislative salary (which is correlated with legislative session length). As such, to examine this alternative incentives based explanation, this measure of the valuation of a state legislative seat is computed and included.

the longer the term in office the more time, effort, and money will be spent to maintain ownership (e.g. Crain and Tollison 1977; Lott 2000). Further, legislative term limits have been found to influence state legislative behavior decreasing the time legislators devote to securing pork for their constituencies (e.g. Carey, Niemi, and Powell 1998) and undermining legislator responsiveness to their electing constituency (e.g. Zupan 1990; Carey 1994). Thus to control for this effect, I included **State Term Limits** which is coded 1 for is the state has legislative term limits and 0 otherwise.[47]

I re-estimate **Model 3** from both the random-effects logit model for cross-sectional time-series data (**Table 2.2**) and the Cox proportional hazards model (**Table 2.3**). The **Model 3a** and **Model 3b** specifications in each table control only for the valuation attached to a legislative seat, examining it across chambers (**Model 3a**) then by legislative chamber (**Model 3b**). The **Model 3c** and **Model 3d** specifications control for the effect that state legislative term limits may have upon seat valuation, examining it first across chambers (**Model 3c**) then by legislative chamber (**Model 3d**). The results of the regression analysis examining the likelihood of observing a budget impasse and the duration of a budget impasse while controlling for the incentives based alternative explanation are presented in **Tables 2.4** and **2.5** below:

[47] Since their enactment, 6 states (either by legislative repeal [2 states] or were found unconstitutional by the courts [4 states]) have repealed their legislative term limits: Idaho (2002), Massachusetts (1997), Oregon (2002), Utah (2003), Washington (1998), Wyoming (2004). Data are from http://www.ncsl.org/research/about-state-legislatures/chart-of-term-limits-states.aspx, first accessed in November 2013.

Table 2.4: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Seat Valuation

Variables	Model 3(a)	Model 3(b)	Model 3(c)	Model 3(d)
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	1.339^{+} (0.940)	1.341^{+} (0.939)	1.382^{+} (0.957)	1.385^{+} (0.955)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–2.686** (1.186)	–2.683** (1.186)	–2.874** (1.201)	–2.870** (1.200)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–0.5991 (1.076)	–0.612 (1.079)	–0.751 (1.091)	–0.766 (1.094)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	–1.452 (1.773)	–1.491 (1.796)	–1.823 (1.829)	–1.870 (1.852)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	2.432^{+} (1.645)	2.484^{+} (1.690)	2.577^{+} (1.675)	2.639^{+} (1.721)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	3.661** (1.539)	3.672** (1.542)	3.891** (1.570)	3.909** (1.577)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.194 (1.387)	–0.217 (1.400)	–0.215 (1.406)	–0.241 (1.418)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	0.354 (2.247)	0.385 (2.254)	0.195 (2.304)	0.232 (2.311)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–1.115 (1.762)	–1.110 (1.764)	–1.364 (1.808)	–1.360 (1.810)
Governor Possesses Line Item Veto (-)	–2.021* (1.173)	–2.031* (1.174)	–2.022* (1.201)	–2.036* (1.202)
Governor Line Item Veto x Divided Partisan Leg (-)	3.652** (1.726)	3.646** (1.726)	3.623** (1.758)	3.618** (1.758)
Governor Line Item Veto x Unified Partisan Leg (-)	0.283 (1.168)	0.271 (1.170)	0.369 (1.180)	0.355 (1.183)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.726* (1.995)	3.730* (1.991)	3.541* (2.051)	3.546* (2.048)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–0.091 (1.561)	–0.074 (1.565)	–0.101 (1.585)	–0.080 (1.589)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	0.343 (1.605)	0.350 (1.605)	0.192 (1.617)	0.200 (1.617)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.707 (0.990)	–0.719 (0.994)	–0.835 (1.007)	–0.848 (1.011)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	1.820^{+} (1.173)	1.843^{+} (1.185)	1.812^{+} (1.197)	1.838^{+} (1.207)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	1.118 (1.002)	1.130 (1.00)	1.012 (1.020)	1.026 (1.024)
Legislature Session Length (-)	0.024** (0.012)	0.024** (0.012)	0.024** (0.012)	0.024** (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–0.017 (0.013)	–0.017^{+} (0.013)	–0.019^{+} (0.014)	–0.019^{+} (0.014)
Legislature Session Length x Unified Partisan Leg (-)	–0.003 (0.013)	–0.003 (0.013)	–0.004 (0.013)	–0.004 (0.013)
Divided Partisan Legislature Government (+)	0.133 (2.261)	0.116 (2.262)	0.418 (2.309)	0.397 (2.310)
Unified Partisan Legislature Government (+)	0.719 (1.496)	0.733 (1.499)	1.007 (1.518)	1.024 (1.521)

Table 2.4 Continued				
Average Legislature Terms - Both Chambers	0.131 (0.268)	–	–0.016 (0.286)	–
Average Legislature Terms - Upper Chamber	–	0.027 (0.317)	–	–0.054 (0.322)
Average Legislature Terms - Lower Chamber	–	0.101 (0.295)	–	0.034 (0.302)
State Term Limits	–	–	–0.941* (0.545)	–0.941* (0.544)
Governor Legacy Year (+)	–0.771 (0.814)	–0.767 (0.814)	–0.722 (0.806)	–0.718 (0.806)
Legislative Election Year (-)	0.119 (0.348)	0.119 (0.348)	0.117 (0.351)	0.116 (0.350)
Real General Expenditures (+)	1.42E–08 (1.54E–08)	1.44E–08 (1.54E–08)	2.07E–08 (1.63E–08)	2.09E–08 (1.64E–08)
Biennial (+)	0.554 (0.814)	0.547 (0.814)	0.652 (0.836)	0.644 (0.836)
No Balanced Budget Restriction (-)	–1.652** (0.779)	–1.658** (0.779)	–1.676** (0.806)	–1.683** (0.806)
Surplus (-)	–0.038** (0.019)	–0.039** (0.019)	–0.039** (0.019)	–0.039** (0.019)
Pct Δ Real Per Capita Income (-)	–0.167** (0.073)	–0.167** (0.073)	–0.163** (0.073)	–0.163** (0.073)
Supermajority Requirement (+)	2.054 (1.634)	2.049 (1.631)	2.146 (1.702)	2.136 (1.700)
Fiscal Year Begins (-)	–0.671^{+} (0.520)	–0.682^{+} (0.526)	–0.655 (0.533)	–0.667 (0.539)
Constant	0.616 (4.334)	0.688 (4.363)	0.971 (4.444)	1.053 (4.471)
N × T (Effective Sample Size)	819	819	819	819
Number of States	48	48	48	48
AIC	453.490	455.472	452.393	454.368
BIC	618.273	624.963	621.884	628.567
Panel-Level Variance	1.508 (0.440)	1.503 (0.441)	1.577 (0.442)	1.573 (0.443)
SD of Random Effects	2.125 (0.467)	2.121 (0.467)	2.200 (0.487)	2.196 (0.486)
Proportion of Total Variance Contributed by Panel-Level Variance	0.578 (0.107)	0.577 (0.107)	0.595 (0.107)	0.594 (0.107)

Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table 2.5: Duration of Budget Impasse in the American States (1986 – 2006) – Seat Valuation

Variables	Model 3(a)	Model 3(b)	Model 3(c)	Model 3(d)
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.641 (0.452)	0.538 (0.381)	0.591 (0.424)	0.503 (0.363)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	2.284 (1.761)	2.918^{+} (2.296)	3.454^{+} (2.734)	4.298* (3.451)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	1.128 (0.878)	1.383 (1.090)	1.689 (1.367)	2.110 (1.741)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	40.434*** (48.967)	65.180*** (81.499)	57.314*** (69.451)	89.998*** (112.395)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	0.031** (0.043)	0.019*** (0.027)	0.018*** (0.026)	0.012*** (0.017)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	0.064** (0.086)	0.063** (0.083)	0.055** (0.073)	0.051** (0.067)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.077** (0.088)	0.091** (0.105)	0.079** (0.091)	0.092** (0.106)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	207.736*** (341.020)	152.407*** (251.703)	247.109*** (408.333)	188.440*** (312.891)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	252.3167*** (453.867)	241.593*** (434.439)	172.1949*** (312.283)	165.4859*** (299.698)
Governor Possesses Line Item Veto (-)	1.187 (0.791)	0.600 (1.096)	0.131 (0.770)	1.529 (1.073)
Governor Line Item Veto x Divided Partisan Leg (-)	0.183^{+} (0.236)	0.170^{+} (0.218)	0.192 (0.248)	0.173^{+} (0.224)
Governor Line Item Veto x Unified Partisan Leg (-)	1.167 (1.148)	1.356 (1.343)	0.733 (0.737)	0.822 (0.836)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	4.628* (4.179)	5.604* (5.019)	5.415* (4.803)	6.399** (5.613)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	0.144^{+} (0.173)	0.093** (0.113)	0.100* (0.121)	0.068** (0.083)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	1.740 (1.838)	1.703 (1.822)	1.158 (1.247)	1.140 (1.242)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.859 (0.579)	1.156 (0.807)	1.126 (0.779)	1.429 (1.010)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	1.735 (1.539)	1.270 (1.138)	1.264 (1.127)	1.002 (0.896)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	3.007^{+} (2.470)	2.713 (2.212)	3.644^{+} (3.001)	3.433^{+} (2.814)
Legislature Session Length (-)	1.000 (0.005)	0.999 (0.005)	1.000 (0.005)	0.999 (0.005)
Legislature Session Length x Divided Partisan Leg (-)	1.001 (0.007)	1.000 (0.007)	1.000 (0.007)	1.000 (0.007)
Legislature Session Length x Unified Partisan Leg (-)	0.991^{+} (0.006)	0.991^{+} (0.006)	0.992 (0.006)	0.992 (0.006)
Divided Partisan Legislature Government (+)	2.109 (3.214)	2.851 (4.364)	2.128 (3.248)	2.734 (4.191)
Unified Partisan Legislature Government (+)	0.968 (0.973)	0.839 (0.858)	0.992 (1.015)	0.836 (0.872)

Table 2.5 Continued				
Average Legislature Terms - Both Chambers	0.826 (0.149)	–	0.895 (0.161)	–
Average Legislature Terms - Upper Chamber	–	1.277 (0.291)	–	1.308 (0.292)
Average Legislature Terms - Lower Chamber	–	0.703** (0.126)	–	0.746* (0.129)
State Term Limits	–	–	2.638*** (0.997)	2.661** (1.025)
Governor Legacy Year (+)	0.600 (0.360)	0.620 (0.371)	0.513 (0.304)	0.528 (0.313)
Legislative Election Year (-)	1.327 (0.302)	1.289 (0.294)	1.427^{+} (0.329)	1.385^{+} (0.319)
Real General Expenditures (+)	1.00^{+} (1.11E–08)	1.00* (1.08E–08)	1.00** (1.14E–08)	1.00** (1.11E–08)
Biennial (+)	0.115*** (0.055)	0.123*** (0.058)	0.094*** (0.046)	0.100*** (0.048)
No Balanced Budget Restriction (-)	0.890 (0.383)	0.897 (0.386)	1.103 (0.458)	1.113 (0.466)
Surplus (-)	1.037*** (0.013)	1.039*** (0.014)	1.031** (0.013)	1.033** (0.014)
Pct Δ Real Per Capita Income (-)	0.991 (0.042)	0.979 (0.042)	1.018 (0.044)	1.007 (0.044)
Supermajority Requirement (+)	0.795 (0.698)	0.864 (0.742)	0.590 (0.529)	0.651 (0.571)
Fiscal Year Begins (-)	1.130 (0.265)	1.343 (0.321)	1.000 (0.231)	1.186 (0.282)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1103.996	1103.445	1099.794	1099.360
BIC	1201.070	1203.461	1199.810	1202.317

Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Across each model in both sets of analysis, there is very little change in magnitude of the coefficients nor attenuation in significance resulting from the inclusion of these variables, providing further support for the Institutional Capacity explanation of both budget impasse occurrence and duration advanced in this manuscript. The results from this analysis do provide some telling results, especially concerning the influence of term limits. By itself, the value attached to a legislative seat does influence the duration of a budget impasse, but interestingly does have an effect only for the lower chambers of state legislatures. For these lower chambers, the valuation of a legislative seat decreased the hazard rate by 29.7%, increasing the amount of time a state must endure a budget impasse. When controlling for term limits, similarly, the hazard rate is decreased by 25.4%. For lower chambers as the average number of terms served by the membership increases, consistent with expectations, the value attached to a legislative seat does increase the duration of a budget impasse. Surprisingly, I do not observe a similar effect for the upper chambers of state legislatures. The hazard ratio (though statistically indistinguishable from 0) does indicate that the value of a seat in the upper chambers of state legislatures decreases the duration of a budget impasse. I would surmise that the inherent prestige associated with upper vs. lower chamber seats (similar to Senate vs. House seats in the U.S. Congress) as well as differences between chambers in the number of seats allocated to each chamber, intrinsically increases upper chamber seat valuations.

Yet when additionally controlling for the effect of term limits, a consistent pattern emerges across both analysis and model specification. Term limits significantly decrease the likelihood of observing a budget impasse (**Table 2.4, Models 3c** and **3d**). Further, term limits significantly increase the hazard rate by 163.8% and 166.1% (**Table 2.5, Model 3c** and **3d** respectively) decreasing the amount of time a state must endure a budget impasse. I would

surmise that in states which have imposed legislative term limits, consistent with previous findings that legislators are less local geographic district-oriented in their concerns (e.g. Carey, Niemi, and Powell 1998), these legislators are more willing to relent to a governor's demands which usually are focused on the greater statewide constituency (e.g. Schlesinger 1971; Crain and Miller 1990; Schlesinger 1994).

Similarly, as addressed above, the preferences of the budgetary actors play an important role in the success or failure of the budgetary process (*Preferences Explanation*). The main objective of these budgetary actors is the enactment of a budget plan which fulfills their own priorities (e.g. Williams and Jubb 1996). The bargaining process is made more difficult, often breaking down and stalling the passage of a new budget, because of the natural divergence in preferences between the two major parties e.g. Dye 1984; Garand 1988; Alt and Lowry 2000; Smith 1997. It is well assumed that Democrats prefer and pursue the expansion of policies which expand the government and target a larger share of the states incomes for the public budget whereas Republicans governors should prefer to reduce government spending and operate under the principle of smaller government. When considered in the context of periods of divided government, delay should be greater during periods of divided government when there is a Republican, as the governor should naturally prefer lower levels of spending and the threat of the executives veto should constrain the legislature. Thus to control for this effect, I included **Republican Governor** which is coded 1 for is the governor in office is a Republican and 0 otherwise, as well is its interaction with the 2 indicators for divided government.[48]

[48] Data for this variable was taken from Scammon and McGillivray's *America Votes* series (various years)

I again re-estimate the random-effects logit model for cross-sectional time-series data and the Cox proportional hazards model while controlling for the partisan preferences based alternative explanation presented in **Tables 2.6** and **2.7** below:

Table 2.6: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Partisan Preferences

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.004 (0.479)	–	1.592^{+} (0.982)	1.567^{+} (0.976)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–3.493*** (1.244)	–3.524*** (1.239)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.886 (1.106)	–0.991 (1.096)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.817 (1.303)	–	–1.675 (1.938)	–1.550 (1.939)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	3.386* (1.828)	3.308* (1.811)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	4.585** (1.813)	4.582** (1.808)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.687 (0.866)	–	–0.430 (1.393)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.427 (2.341)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.075 (1.805)	–
Governor Possesses Line Item Veto (-)	–0.474 (0.832)	–	–2.018^{+} (1.273)	–2.081* (1.267)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.022* (1.836)	3.100* (1.839)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.260 (1.234)	0.552 (1.216)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.774** (1.736)	3.819** (1.738)	3.720* (2.103)	3.859* (2.102)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.795 (1.618)	0.697 (1.581)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.840 (1.918)	0.957 (1.897)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.276 (0.694)	–	–0.157 (1.049)	–0.087 (1.033)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.732^{+} (1.219)	1.674^{+} (1.184)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.131 (1.073)	1.244 (1.070)
Legislature Session Length (-)	0.014** (0.007)	0.013** (0.007)	0.023* (0.012)	0.023* (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.019^{+} (0.014)	–0.020^{+} (0.014)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.001 (0.013)	–0.003 (0.013)
Divided Partisan Legislature Government (+)	0.630^{+} (0.433)	0.666^{+} (0.433)	–0.292 (2.381)	–0.212 (2.328)
Unified Partisan Legislature Government (+)	0.864** (0.395)	0.877** (0.395)	–1.239 (1.733)	–1.300 (1.722)

Table 2.6 Continued				
Republican Governor	0.108 (0.339)	0.099 (0.339)	–2.047** (1.008)	–2.031** (1.010)
Republican Gov x Divided Partisan Legislature Government	–	–	4.136*** (1.544)	4.090*** (1.543)
Republican Gov x Unified Partisan Legislature Government	–	–	3.523*** (1.301)	3.530*** (1.306)
Governor Legacy Year (+)	–0.654 (0.782)	–0.682 (0.776)	-1.187^{+} (0.835)	-1.163^{+} (0.835)
Legislative Election Year (-)	0.153 (0.332)	0.153 (0.332)	0.156 (0.356)	0.141 (0.355)
Real General Expenditures (+)	6.14E–09 (1.40E–08)	6.15E–09 (1.39E–08)	1.54E–08 (1.61E–08)	1.67E–08 (1.60E–08)
Biennial (+)	0.579 (0.764)	0.629 (0.755)	0.701 (0.848)	0.578 (0.839)
No Balanced Budget Restriction (-)	–1.653** (0.733)	–1.694** (0.733)	–1.828** (0.817)	–1.850** (0.821)
Surplus (-)	–0.033* (0.017)	–0.034** (0.017)	–0.046** (0.020)	–0.047** (0.020)
Pct Δ Real Per Capita Income (-)	–0.155** (0.067)	–0.159** (0.068)	–0.179** (0.076)	–0.186** (0.076)
Supermajority Requirement (+)	2.093^{+} (1.554)	2.056^{+} (1.503)	1.379 (1.750)	1.149 (1.732)
Fiscal Year Begins (-)	-0.786^{+} (0.497)	-0.777^{+} (0.501)	-0.760^{+} (0.532)	-0.750^{+} (0.537)
Constant	1.998 (3.701)	1.637 (3.703)	2.109 (4.145)	2.050 (4.176)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	454.514	446.169	445.375	441.025
BIC	553.410	521.518	619.619	601.141
Panel-Level Variance	1.496 (0.428)	1.546 (0.417)	1.630 (0.457)	1.658 (0.445)
SD of Random Effects	2.113 (0.452)	2.166 (0.451)	2.259 (0.516)	2.291 (0.510)
Proportion of Total Variance Contributed by Panel-Level Variance	0.576 (0.104)	0.588 (0.101)	0.608 (0.109)	0.615 (0.105)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table 2.7: Duration of Budget Impasse in the American States (1986 – 2006) – Preferences				
Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.897 (2.284)	–	0.541 (0.423)	0.701 (0.479)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	3.859+ (3.394)	3.098+ (2.376)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.697 (1.464)	1.445 (1.102)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.785 (0.922)	–	45.779*** (55.660)	39.363*** (46.863)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.015*** (0.024)	0.015*** (0.021)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.012*** (0.019)	0.010*** (0.014)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.493 (0.344)	–	0.085** (0.097)	0.082** (0.091)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	206.400*** (335.562)	201.092*** (318.993)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	503.672*** (922.815)	601.637*** (1088.993)
Governor Possesses Line Item Veto (-)	0.817 (0.393)	–	2.054 (1.410)	1.865 (1.139)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.099* (0.128)	0.106* (0.126)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.383 (1.354)	1.484 (1.192)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.978 (1.185)	–	5.354** (4.524)	4.880** (3.592)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.045** (0.068)	0.040*** (0.043)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.668 (2.666)	2.870 (2.761)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.361 (0.441)	–	0.630 (0.459)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.688 (1.629)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.524 (2.280)	–
Legislature Session Length (-)	0.998 (0.003)	–	0.997 (0.004)	–
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.002 (0.007)	–
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.993 (0.006)	–
Divided Partisan Legislature Government (+)	0.705 (0.276)	0.786 (0.239)	4.200 (6.956)	6.988+ (9.159)
Unified Partisan Legislature Government (+)	0.891 (0.337)	1.108 (0.310)	2.064 (2.310)	2.278 (2.240)

Table 2.7 Continued				
Republican Governor	0.993 (0.359)	0.751 (0.176)	2.941 (2.703)	2.476 (2.029)
Republican Gov x Divided Partisan Legislature Government	–	–	0.081** (0.102)	0.055** (0.066)
Republican Gov x Unified Partisan Legislature Government	–	–	0.189^{+} (0.203)	0.213* (0.195)
Governor Legacy Year (+)	0.957 (0.536)	1.012 (0.563)	0.729 (0.414)	0.807 (0.462)
Legislative Election Year (-)	1.075 (0.224)	1.039 (0.199)	1.312 (0.299)	1.368^{+} (0.303)
Real General Expenditures (+)	1.000 (7.27E–09)	1.000 (5.04E–09)	1.000* (1.03E–08)	1.000** (8.08E–09)
Biennial (+)	0.220*** (0.085)	0.370*** (0.094)	0.119*** (0.056)	0.114*** (0.044)
No Balanced Budget Restriction (-)	0.939 (0.331)	0.933 (0.222)	0.955 (0.419)	1.056 (0.379)
Surplus (-)	1.040*** (0.012)	1.037*** (0.010)	1.049*** (0.014)	1.055*** (0.013)
Pct Δ Real Per Capita Income (-)	0.976 (0.037)	0.978 (0.034)	0.993 (0.043)	0.979 (0.038)
Supermajority Requirement (+)	0.706 (0.400)	0.894 (0.305)	1.561 (1.361)	1.787 (1.127)
Fiscal Year Begins (-)	1.222 (0.238)	1.260* (0.154)	1.210 (0.244)	1.209 (0.202)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1104.188	1097.59	1104.45	1097.149
BIC	1160.079	1132.89	1207.408	1182.456
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Across each model in both sets of analysis, there again is very little change in magnitude of the coefficients nor attenuation in significance resulting from the inclusion of these variables, providing further support for the Institutional Capacity explanation of both budget impasse occurrence and duration advanced in this manuscript. The results from these alternative explanatory variables do provide some interesting results. As expected, the likelihood of a state experiencing a budget impasse is significantly greater during periods of divided government when there is a Republican governor (and conversely significantly less likely during periods of unified government when the Republican governor and his partisan allies in the legislatures can pursue the partisan principle of smaller government and less government spending). Yet after an impasse has occurred, Republican governors have significantly shorter impasses during periods of divided government. I would surmise because Republican governors are punished for increases in the size of a state's budget (e.g. Lowry, Alt, and Ferree 1998) and the attention that impasses draw to a generally mundane budget, Republican governors would prefer a shorter budget impasse to avoid drawing attention to natural budgetary concessions made to the Democratic opposition to resolve the impasse and pass the budget.

In considering this natural divergence of preferences between the major parties, I further consider the composition of the membership in the legislature and its ability to overcome a governor's veto (and resist the constraint of threats when necessary). During the budgetary bargaining, a governor negotiating with a legislature located closer to them on the ideological spectrum may have greater success in the budgetary process (e.g. Kousser and Phillips 2012). I thus consider the **% of Legislature Controlled by Governor's Party**, which is coded as the seat margin held by the governor's party averaged across both chambers, with larger values reflecting

greater ideological proximity.[49] It is expected that the larger the margin of the governor's party in the legislature, the less likely that the state will experience a budget impasse. However, when the legislature possesses a majority of the membership capable of overriding a gubernatorial veto, it is afforded a position of power in this bargaining process. As such, I consider if the **Legislature Possesses Numbers to Override Veto**, coded 1 if the governor faces a veto proof majority in both chambers and 0 otherwise.[50] It is expected that, irrespective of which party is in control of the legislature, being able to overcome a governor's veto(threat) will decrease the likelihood of a budget impasse. An interaction effect between these indicators is additionally included to examine how shared partisan preferences influence these effects.

I again re-estimate the random-effects logit model for cross-sectional time-series data and the Cox proportional hazards model while controlling for the above partisan preferences based alternative explanations presented in **Tables 2.8** and **2.9** below:

[49] Data for this variable was taken from Carl Klarner's State Partisan Balance Data (http://www.indstate.edu/polisci/klarnerpolitics.htm). It should be noted that this indicator correlates with the indicator for Unified Partisan Legislature Government at -0.74. As such, because of potential for multicollinearity, results in the subsequent analysis should be taken with some degree of caution.

[50] Data for this component is taken from Klarner's State Partisan Balance Data (http://www.indstate.edu/polisci/klarnerpolitics.htm) and the Book of the States (various years), Table "The Governors: Powers."

Table 2.8: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Partisan Size and Veto Override

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.003 (0.479)	–	1.440^{+} (0.976)	1.370^{+} (0.965)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.793** (1.221)	–2.777** (1.210)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.832 (1.115)	–0.868 (1.102)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.744 (1.321)	–	–1.128 (1.792)	–1.086 (1.801)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.056 (1.641)	2.001 (1.617)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.199** (1.632)	3.323** (1.631)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.847 (0.877)	–	–0.239 (1.414)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.530 (2.259)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.264 (1.780)	–
Governor Possesses Line Item Veto (-)	–0.568 (0.841)	–	–1.945^{+} (1.188)	–2.027* (1.172)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.528** (1.725)	3.633** (1.718)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.080 (1.183)	0.307 (1.165)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.792** (1.758)	3.930** (1.767)	3.916** (1.985)	3.997** (1.994)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–0.355 (1.574)	–0.423 (1.538)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.179 (1.718)	0.353 (1.717)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.131 (0.705)	–	–0.620 (1.014)	–0.595 (1.002)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.582^{+} (1.208)	1.551^{+} (1.174)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.841 (1.123)	1.033 (1.117)
Legislature Session Length (-)	0.013* (0.007)	0.012* (0.007)	0.023* (0.012)	0.022* (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.015 (0.013)	–0.016 (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.002 (0.013)	–0.003 (0.013)
Divided Partisan Legislature Government (+)	1.191** (0.526)	1.210** (0.527)	0.657 (2.423)	0.593 (2.379)
Split Branch Government (+)	2.042*** (0.675)	2.016*** (0.677)	1.841 (1.878)	1.543 (1.860)

Table 2.8 Continued				
% of Legislature Controlled by Governor's Party	0.031** (0.016)	0.030* (0.015)	0.018 (0.019)	0.015 (0.019)
Legislature Possesses Numbers to Override Veto	0.014 (0.513)	0.032 (0.503)	–0.023 (1.398)	0.055 (1.407)
% Controlled x Faced Veto Override	–	–	0.003 (0.025)	0.002 (0.025)
Governor Legacy Year (+)	–0.631 (0.783)	–0.664 (0.780)	–0.815 (0.819)	–0.780 (0.819)
Legislative Election Year (-)	0.143 (0.335)	0.143 (0.334)	0.133 (0.349)	0.117 (0.349)
Real General Expenditures (+)	9.61E–09 (1.44E–08)	9.29E–09 (1.43E–08)	1.43E–08 (1.55E–08)	1.52E–08 (1.55E–08)
Biennial (+)	0.662 (0.774)	0.676 (0.762)	0.558 (0.806)	0.442 (0.799)
No Balanced Budget Restriction (-)	–1.713** (0.745)	–1.731** (0.745)	–1.700** (0.770)	–1.716** (0.777)
Surplus (-)	–0.031* (0.017)	–0.032* (0.017)	–0.038** (0.019)	–0.039** (0.018)
Pct Δ Real Per Capita Income (-)	–0.148** (0.067)	–0.153** (0.067)	–0.164** (0.073)	–0.171** (0.073)
Supermajority Requirement (+)	2.154^{+} (1.578)	2.112^{+} (1.536)	2.099 (1.645)	1.891 (1.641)
Fiscal Year Begins (-)	–0.796^{+} (0.505)	–0.781^{+} (0.509)	–0.719^{+} (0.513)	–0.706^{+} (0.519)
Constant	0.068 (3.889)	–0.411 (3.915)	–0.068 (4.354)	0.160 (4.393)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	452.358	444.333	456.749	452.515
BIC	555.963	524.391	630.993	612.632
Panel-Level Variance	1.524 (0.428)	1.576 (0.417)	1.510 (0.441)	1.545 (0.431)
SD of Random Effects	2.142 (0.458)	2.199 (0.458)	2.128 (0.469)	2.165 (0.467)
Proportion of Total Variance Contributed by Panel-Level Variance	0.582 (0.104)	0.595 (0.100)	0.579 (0.107)	0.588 (0.104)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table 2.9: Duration of Budget Impasse in the American States (1986 – 2006) – Partisan Size and Veto Override

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.892 (0.281)	–	0.749 (0.542)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	1.872 (1.454)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	0.820 (0.668)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.841^{+} (0.725)	1.629^{+} (0.592)	41.453*** (53.799)	48.814*** (58.730)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.041** (0.060)	0.031*** (0.041)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.076* (0.118)	0.036** (0.049)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.461 (0.353)	–	0.072** (0.083)	0.104** (0.117)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	200.597*** (327.840)	76.815*** (118.327)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	568.440*** (1168.300)	92.515*** (146.254)
Governor Possesses Line Item Veto (-)	0.832 (0.371)	–	1.181 (0.790)	–
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.224 (0.289)	–
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	2.409 (2.818)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.983^{+} (0.985)	2.145* (0.897)	3.350^{+} (3.152)	3.599** (2.309)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.240 (0.300)	0.304^{+} (0.228)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.645 (4.531)	1.498 (1.062)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.415 (0.486)	–	1.092 (0.905)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.822 (1.828)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.444 (2.406)	–
Legislature Session Length (-)	0.998 (0.003)	–	0.999 (0.005)	0.998 (0.004)
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.000 (0.007)	0.996 (0.006)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.989^{+} (0.007)	0.994 (0.006)
Divided Partisan Legislature Government (+)	0.718 (0.295)	0.661 (0.257)	1.218 (2.043)	1.040 (0.714)
Unified Partisan Legislature Government (+)	0.893 (0.426)	0.803 (0.363)	0.285 (0.405)	0.863 (0.746)

Table 2.9 Continued				
% of Legislature Controlled by Governor's Party	1.000 (0.010)	0.997 (0.009)	0.987 (0.015)	1.001 (0.011)
Legislature Possesses Numbers to Override Veto	0.907 (0.297)	1.149 (0.332)	3.619^{+} (3.550)	7.125** (5.621)
% Controlled x Faced Veto Override	–	–	0.966* (0.017)	0.959*** (0.015)
Governor Legacy Year (+)	0.977 (0.558)	0.982 (0.554)	0.860 (0.495)	0.820 (0.463)
Legislative Election Year (-)	1.062 (0.223)	1.074 (0.222)	1.135 (0.270)	1.162 (0.249)
Real General Expenditures (+)	1.000 (7.32E–09)	1.000* (6.50E–09)	1.000 (1.11E–08)	1.000^{+} (6.85E–09)
Biennial (+)	0.221*** (0.085)	0.280*** (0.087)	0.115*** (0.056)	0.177*** (0.060)
No Balanced Budget Restriction (-)	0.965 (0.350)	0.722 (0.216)	1.204 (0.538)	0.728 (0.262)
Surplus (-)	1.040*** (0.012)	1.036*** (0.011)	1.050*** (0.014)	1.049*** (0.012)
Pct Δ Real Per Capita Income (-)	0.972 (0.039)	0.968 (0.037)	0.980 (0.048)	0.985 (0.045)
Supermajority Requirement (+)	0.681 (0.396)	1.130 (0.412)	0.817 (0.712)	1.147 (0.449)
Fiscal Year Begins (-)	1.226 (0.234)	1.196^{+} (0.153)	1.235 (0.282)	1.213 (0.203)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1106.098	1100.097	1103.435	1093.219
BIC	1164.931	1144.221	1206.392	1169.702
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Similar to the previous model specifications, there was only nominal change in magnitude of the coefficients and attenuation in significance resulting from the inclusion of these variables. Examining the results from these alternative explanatory variables, again I observe several interesting patterns. Contrary to theoretical expectations, the share of the seats which are held by the governor's party work to hinder the budget process, though none of these effects obtain a level of statistical significance. Yet, the legislatures ability to overcome a gubernatorial veto does help to ensure that a budget is passed in a timely manner, though again failing to obtain a level of statistical significance. When both of these factors are considered does an interesting effect emerge, such that budget impasses are more likely. These effects are similarly observed when considering the duration of an impasse should one occur. Taken together, these results signals that a legislatures ability to overcome a governor's veto serves to mitigate any benefit that the governor could gain from having a greater presence of partisan allies in the legislature. This serves as a natural check on the governor's influence in the separation of powers environment.

Finally, as addressed above, the formal features of the budget process can facilitate or hinder the breakdown of this process. In the event of a state failing to pass its budget by the beginning of the next fiscal year, a shutdown of nonessential government services can draw the ire of the electorate and invite a wide variety of tangible political consequences for both branches of government (e.g. Andersen, Lassen, Nielsen 2012; Kousser and Phillips 2012). This formal procedural rule, exogenous to the bargaining process and known prior to the budgetary negotiations by the political actors engaged in this process, can influence both how and when a budgetary actor's institutional capacity is employed during the budgetary negotiations. Ultimately, government shutdown procedures should make it unlikely that a budgetary actor

would prefer a government shutdown to higher(lower) levels of government spending (Klarner, Phillips, and Muckler 2012). Further, because of the consequences associated with government shutdowns, which increase over time compared to other impasse outcomes, the budgetary actors should desire shorter impasses under this outcome. It is thus expected that the presence of this least preferable option, captured by the dichotomous variable **Shutdown Provision** (-) which is coded 1 if the state's law mandates a government shutdown in the event of a budget impasse and 0 otherwise (N=357, 43.54%), will make it less likely that the state will experience a budget impasse and will shorten the duration of an impasse should one occur.[51]

I again re-estimate the random-effects logit model for cross-sectional time-series data and the Cox proportional hazards model while controlling for the above government shutdown outcome based alternative explanation presented in **Tables 2.10** and **2.11** below:

[51] Data for this variable were originally collected by Andersen, Lassen, Neilsen (2012).

Table 2.10: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Government Shutdown

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.010 (0.468)	–	1.295+ (0.914)	1.223+ (0.907)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.629** (1.157)	–2.603** (1.148)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.589 (1.043)	–0.643 (1.034)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.545 (1.205)	–	–1.705 (1.676)	–1.669 (1.675)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.597+ (1.617)	2.413+ (1.582)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.597** (1.530)	3.641** (1.527)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.499 (0.848)	–	–0.041 (1.350)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.265 (2.149)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.265 (1.711)	–
Governor Possesses Line Item Veto (-)	–0.434 (0.809)	–	–1.903* (1.130)	–1.956* (1.110)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.700** (1.731)	3.775** (1.716)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.045 (1.149)	0.225 (1.129)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.707** (1.569)	3.743** (1.559)	3.795** (1.804)	3.816** (1.799)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.068 (1.574)	–0.121 (1.529)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.102 (1.622)	0.235 (1.612)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.331 (0.659)	–	–0.796 (0.945)	–0.782 (0.925)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.195* (1.182)	2.039* (1.134)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.224 (0.968)	1.361+ (0.961)
Legislature Session Length (-)	0.014** (0.007)	0.013** (0.007)	0.024** (0.011)	0.024** (0.011)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.017+ (0.013)	–0.018+ (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.003 (0.013)	–0.004 (0.013)
Divided Partisan Legislature Government (+)	0.664+ (0.429)	0.691+ (0.427)	–0.206 (2.258)	–0.048 (2.207)
Split Branch Government (+)	0.951*** (0.363)	0.955*** (0.360)	0.975 (1.469)	0.843 (1.452)

Table 2.10 Continued				
Shutdown Provision (-)	–2.164*** (0.817)	–2.248*** (0.821)	–2.373*** (0.836)	–2.305*** (0.823)
Governor Legacy Year (+)	–0.656 (0.775)	–0.688 (0.770)	–0.822 (0.811)	–0.792 (0.809)
Legislative Election Year (-)	0.127 (0.331)	0.128 (0.331)	0.095 (0.347)	0.076 (0.346)
Real General Expenditures (+)	4.65E–09 (1.36E–08)	4.38E–09 (1.35E–08)	1.16E–08 (1.48E–08)	1.29E–08 (1.47E–08)
Biennial (+)	0.365 (0.722)	0.402 (0.706)	0.252 (0.762)	0.213 (0.744)
No Balanced Budget Restriction (-)	–1.250* (0.697)	–1.286* (0.689)	–1.251* (0.715)	–1.258* (0.722)
Surplus (-)	–0.034** (0.017)	–0.035** (0.017)	–0.040** (0.018)	–0.041** (0.018)
Pct Δ Real Per Capita Income (-)	–0.161** (0.068)	–0.165** (0.069)	–0.183** (0.074)	–0.188** (0.074)
Supermajority Requirement (+)	1.095 (1.431)	1.084 (1.359)	0.915 (1.492)	0.711 (1.473)
Fiscal Year Begins (-)	–0.659^{+} (0.460)	–0.669^{+} (0.462)	–0.595^{+} (0.464)	–0.584 (0.468)
Constant	1.990 (3.453)	1.852 (3.439)	1.497 (3.657)	1.506 (3.682)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	447.246	438.438	445.387	441.230
BIC	546.141	513.786	610.212	591.927
Panel-Level Variance	1.242 (0.444)	1.276 (0.435)	1.197 (0.462)	1.230 (0.455)
SD of Random Effects	1.861 (0.414)	1.892 (0.412)	1.819 (0.420)	1.850 (0.421)
Proportion of Total Variance Contributed by Panel-Level Variance	0.513 (0.111)	0.521 (0.108)	0.501 (0.115)	0.510 (0.114)

Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table 2.11: Duration of Budget Impasse in the American States (1986 – 2006) – Government Shutdown

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.858 (0.275)	–	0.619 (0.444)	0.619 (0.444)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	4.232* (3.428)	4.232* (3.428)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.349 (1.053)	1.349 (1.053)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.621^{+} (0.5904)	1.483 (0.537)	66.505*** (80.338)	66.505*** (80.338)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.011*** (0.015)	0.011*** (0.015)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.033** (0.045)	0.033** (0.045)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.660 (0.483)	–	0.173^{+} (0.200)	0.173^{+} (0.200)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1012.965*** (1715.223)	1012.965*** (1715.223)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3993.288*** (7627.589)	3993.288*** (7627.589)
Governor Possesses Line Item Veto (-)	0.830 (0.344)	–	2.584^{+} (1.767)	2.584^{+} (1.767)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.072** (0.095)	0.072** (0.095)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	2.109 (2.004)	2.109 (2.004)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.894^{+} (0.922)	1.875^{+} (0.822)	10.257*** (8.950)	10.257*** (8.950)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.031*** (0.038)	0.031*** (0.038)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.476 (2.435)	2.476 (2.435)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	2.441** (0.979)	–	7.820** (6.599)	7.820** (6.599)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.342 (0.316)	0.342 (0.316)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.305 (1.085)	1.305 (1.085)
Legislature Session Length (-)	0.997 (0.003)	–	0.995 (0.005)	0.995 (0.005)
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.005 (0.007)	1.005 (0.007)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.990^{+} (0.006)	0.990^{+} (0.006)
Divided Partisan Legislature Government (+)	0.650^{+} (0.218)	0.706 (0.219)	4.146 (6.199)	4.146 (6.199)
Unified Partisan Legislature Government (+)	0.866 (0.225)	0.880 (0.213)	0.646 (0.604)	0.646 (0.604)

Table 2.11 Continued				
Shutdown Provision (-)	0.329** (0.167)	0.727 (0.288)	0.094*** (0.056)	0.094*** (0.056)
Governor Legacy Year (+)	0.933 (0.519)	0.996 (0.552)	0.638 (0.358)	0.638 (0.358)
Legislative Election Year (-)	1.039 (0.216)	1.037 (0.205)	1.223 (0.274)	1.223 (0.274)
Real General Expenditures (+)	1.000 (6.59E–09)	1.000^{+} (5.94E–09)	1.000*** (1.04E–08)	1.000*** (1.04E–08)
Biennial (+)	0.104*** (0.052)	0.268*** (0.084)	0.021*** (0.013)	0.021*** (0.013)
No Balanced Budget Restriction (-)	1.939^{+} (0.870)	0.842 (0.304)	4.058*** (1.953)	4.058*** (1.953)
Surplus (-)	1.042*** (0.011)	1.037*** (0.010)	1.046*** (0.014)	1.046*** (0.014)
Pct Δ Real Per Capita Income (-)	0.969 (0.035)	0.960 (0.033)	0.982 (0.041)	0.982 (0.041)
Supermajority Requirement (+)	0.308* (0.199)	0.931 (0.388)	0.417 (0.361)	0.417 (0.361)
Fiscal Year Begins (-)	1.380* (0.245)	1.250* (0.164)	1.274^{+} (0.241)	1.274^{+} (0.241)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1099.446	1097.734	1089.938	1089.938
BIC	1155.337	1138.917	1187.012	1187.012
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

When accounting for the inclusion of government shutdown provisions, an interesting result found. As expected, the presence of this provision did significantly decrease the likelihood that the state would experience an impasse. Yet contrary to theoretical expectations, when this provision was present, states were significantly more likely to experience a longer impasse should one occur. I surmise this is occurring because a shutdown provision serves as a source of important technical knowledge, informing budgetary actors up front of the costs of a budgetary impasse and motivating them to attempt to avoid this least preferred outcome. However, once an impasse does occur, fiscal brinksmanship takes over, particularly because of the difficulty in attributing blame for the impasse by the electorate. Budgetary actors, resolved that they are in a state of impasse (e.g. there is no turning back), attempt to use the event as a means to extract policy concessions from the other actors.

The inclusion of this factor does have tangible implications for the key variables of interest, mainly by enhancing the robustness of the findings in the main analysis. Relationships which were marginally significant in the main analysis, were found to be even stronger. The only change of significant note concerned the influence of whether the state legislature possessed non-binding revenue forecast authority during periods of unified government. Previously, having this capacity under this partisan arrangement of government was shown to increase the duration of a budget impasse (though the effect failed to attain a level of statistical significant). With the inclusion of the shutdown provision variable, budget impasses were found to be significantly shorter, consistent with theoretical expectations. Taken together, these results reveal that while the option of a state shutting down nonessential services when it fails to pass its budget by the start of the next fiscal year does influence the likelihood and duration of a budget impasse, the institutional capacity of the budgetary actors has a consistent effect.

In evaluating the results across the various models and specifications, it is clear that the institutional capacity of the budgetary actors is integral to the success or failure of the bargaining process. Yet the political conditions under which the budgetary actors engage in their negotiations (e.g. unified or divided government), constrain their ability to use this capacity for their own political and electoral advantage, often resulting in outcomes inconsistent with theoretical expectations.

2.9 Discussion

James Madison notes in *Federalist 10* that "the great security against a gradual concentration of the several powers in the same department consists in giving to those who administer each department the necessary constitutional means and personal motives to resist encroachment of the others" (1961: 71). Yet, while we afford each branch certain powers within the separation of powers system, Madison goes on to argue in *Federalist 47* that unless each branch had some influence in the workings of the others, the branches would not work together and compromise to make national policy (1961: 303). Worse yet, the system could collapse into tyranny as each branch seeks to dominate the system using their own powers. What emerges from Madison's argument is that power-checking within a separation of powers system is a normatively positive and necessary condition to maintain the democratic form of government. Yet, the results from this analysis reveal that in certain circumstances, an imbalance of power exists to break institutional logjams.

Using data on both the occurrence and duration of budget impasses in the American states 1986-2006, this essay sought to gain insight into the interplay between institutional capacity and partisan control of state government. The results from the above analysis reveal

that the relative institutional capacity of governors and state legislatures matters in both facilitating and hindering the budgetary process. However, when examined within the lens of divided government (either divided partisan legislature government or unified partisan legislature government), the results reveal a more nuanced understanding of institutional capacity. While the reviewed theoretical understanding of increased institutional capacity was hypothesized to decrease budgetary conflict and reduce both the probability and duration of budgetary stalemates in the American states, the examined budgetary powers indicators in fact could lead either to increases or decreases, all depending on the context of divided government.

As the results reveal, most of the significant effects concerning institutional capacity occur under periods of divided partisan legislative government. Under these periods of government when the governor has a partisan ally in control of one chamber of the legislature, conference committee sessions are made more difficult when members of the two chambers meet to reconcile difference in their respective versions of the state's budget bill. The governor's partisan allies can advocate for the governors budgetary position and further can even employ the threat of the governor's veto to the extract concessions they desire from the opposition members of the committee (Clarke 1998). Additional effects are observed under periods of unified government, resulting likely from stalemates which occur during periods of unified government because the two branches cannot agree on the distribution of particularistic and statewide spending (e.g. Barrilleaux and Berkman 2003).

While certain governors have gained and others have lost in terms of budgetary influence through the gradual changes in gubernatorial influence in recent decades (Dometrius and Wright 2010), the influence of state legislatures additionally has changed, to varying degrees, as they underwent a period of professionalization over the last twenty-five years which better equipped

them to compete with the governor (e.g. Pound 1992). From this expansion and reduction of institutional influence between governors and legislatures within the separation of powers system, we are left differences in budgetary authority across the American states. Given that since World War II divided party control of the American government has become a institutional norm (e.g. Mayhew 1991),[52] as the state legislatures continue to make additional increases in professionalization over time in response the increased demands and responsibilities of office, the resulting budgetary stalemates could have serious consequences for both the state governments and the people and nonprofit groups that reside in those states (discussed above concerning the consequences of late budgets). As such, the results from this essay provide for a greater understanding of the consequences of certain institutional design features, and provide a potential solution for overcoming stalemates which do occur between institutional actors. Altering the power dynamic between governors and state legislatures can have mixed consequences, which especially when state legislatures are afforded increased authority relative to their gubernatorial counterparts, can have potentially harmful effects to the smooth functioning of government operations, in particular the budgetary process.

[52] Which is not simply a national phenomena as the American states have experienced their fair share of divided partisan control (e.g. Fiorina 1992).

3.0 GIVING AWAY THE STORE – GUBERNATORIAL CONTROL OF STATE ECONOMIC DEVELOPMENT

In November 2010, Tom Corbett was elected the 46th Governor of Pennsylvania with 54.5% of the vote. Over the course of his term in office, Corbett garnered the ire of both his political opponents and allies by proposing deep spending cuts and addressing a number of contentious social issues. By November 2013, his efforts labeled him the most unpopular governor in the country, with 65% of registered voters disapproving of his job performance. Despite calls from the state Republican party, the electorally vulnerable Corbett announced his intention to seek reelection in 2014. To improve his reelection prospects, the cornerstone of his reelection campaign focused on his efforts to create jobs and spur economic development in an ailing state economy which he inherited during the height of the economic recession. In particular, he promoted that under his stewardship, Pennsylvania added more than 150,000 new private-sector jobs and experienced a dropped in the state's jobless rate to a five-year low of 6.2%. Further, he advertised that he engaged in numerous economic development efforts which included spearheading critical programs to support and protect Pennsylvania's agriculture and manufacturing industries, prevented the closing of three Pennsylvania oil refineries (saving thousands of Pennsylvania jobs), competed with other states to promote Pennsylvania as a location of choice for companies looking to relocate or start new operations, especially concerning the expansion of the natural gas and energy industry, and invested significant state

funds in job training, re-training programs, and a comprehensive online program that helps unemployed workers identify companies looking for their skills.

What this anecdote illustrates is that for an electorally vulnerable governor, pursuing economic development policies was viewed as viable electoral strategy. Like all governors, Corbett was tasked with restarting the state's economy by spurring economic development and creating jobs. In the words of Mario Cuomo, former Governor of New York, "while there are no panaceas, nothing comes closer than one simple word: jobs" (Eisinger 1988, 10). Governors who fail to even attempt efforts to spur job growth via economic development policies and programs meet their own political death (e.g. Vaughan, Pollard, and Dyer 1985). The story of Governor Corbett's efforts serves as the launching point for this essay, whereby governors in the American states generally have the motivation to engage in economic development efforts given their inherent responsibility for the economic wellbeing of the state (e.g. Hansen 1999), and some more acutely feel this push given their electoral vulnerability, however not all governors possess the means to actually engage in this behavior to benefit their political fortunes. This dissertation essay attempts to show that governors with both the motivation (electoral) and the means (institutional capacity) to pursue their goals will engage in behavior which supports and advances these goals.

As such, a theory of gubernatorial behavior within the political economy of economic development programs is advanced, whereby these elected officials operate in a private enterprise market-oriented society in which they make numerous economic decisions which affect the local economy (e.g. Lindblom 1977). For governors, state economic conditions have risen to a point of prominence for their reelection bids compelling them to stress the macroeconomic implications of their economic policy (e.g. Alesina and Cukierman 1990; Rogoff

1990; Atkeson and Partin 1995; Leyden and Borrelli 1995; Partin 1995; Carsey and Wright 1998). Therefore, governors devote significant energy recruiting businesses, promoting economic development, and creating jobs (e.g. Fosler 1988), given that these efforts are an excellent short term political strategy that benefits them in their subsequent election contests (e.g. Turner, Fleming and Kaufman 2005).

However, not all governors are created equal in their ability to engage in economic development activities (e.g. Schlesinger 1971; Mueller 1985; Beyle and Ferguson 2008), and are constrained by their own formal authority to direct economic development spending efforts. Governors possessing greater formal powers are more likely to utilize a wide variety of economic development policies (e.g. Ambrosius 1989), are more likely than their weaker counterparts to produce more aggressive economic development policies (e.g. Brace 1994), and can respond more forcefully and more quickly to economic conditions than could office holders in institutionally less powerful states (e.g. Brace 1994). In this essay, the governor's formal authority, their institutional capacity, is considered their authority over the state's economic development entity, specifically a governor's ability to exert control over an agency by resisting external influences on that agency via controlling the appointment of the agency head (e.g. Woods 2004) and controlling the policy direction for economic development programs by serving as the head of their state's economic development board or commission (e.g. Reinshuttle 1983).

These manifestations of institutional capacity are important given that data concerning the systematic targeting of economic efforts is either unavailable in any systematic fashion or that which is available is often unreliable, with most economic development negotiations held behind closed doors without the knowledge of other competing business and governmental actors

(e.g. Moss and Upadhyay 1998; Howe and Vallianatos 1998). As such, much of the prior research which attempts to examine specific gubernatorial economic development efforts focuses only on a handful of states (e.g. Turner 2003). This essay thus examines the state economic development budget data to illustrate the relationship between a governor's electoral constraints and their capacity to direct economic development spending, given that these allocations provide governors with the raw means to engage in economic development efforts (e.g. Bradshaw and Blakey 1999) and ultimately influences the state's ability to affect public policy (e.g. Meier 1980).

The governor however does not operate solely within a vacuum, having its capacity constrained by the state legislature during the policy development, appropriations, and implementations phases (e.g. Osborne 1988; Lampe 1988; Rosenthal 1990; Slavin and Adler 1996). Given the separation of powers system, legislatures serve the important role of authorizing the laws and appropriations on which a state's economic development policy design and effectiveness is founded (e.g. Heclo 1986). Further and more importantly, the natural partisan tensions which exist during differing compositions of divided government (when the governor faces either a unified or divided partisan legislature), constrain the governor's ability to pursue economic development policy (e.g. Dye 1988; Atkinson 1991). A governor's own political party may further be divided into ideological factions which constrain the base legislative support he receives for his efforts (e.g. Jewell 1969; Ransone 1982; Beyle 1983).

However legislatures often lack the resources and motivation to engage in ex ante statutory and ex post nonstatutory control of state bureaucratic entities (e.g. Calvert, McCubbins, and Weingast 1989; Huber and Shipan 2000; Huber, Shipan, and Pfahler 2001). As such, once the funds have been allocated to the economic development entity, a governor with sufficient

control over the agency is afforded a blank check to pursue their particularistic goals, given that the institutionally stronger governors are more successful in directing resources to their state's development agency and tirelessly work to maintain a higher degree of control over how their economic development policies are implemented (e.g. Grady 1988). Thus, having greater state economic development funds at their disposal will allow governors to rationally "shoot at everything that flies [and] claim everything that falls" (Rubin 1988, 236), particularly for those governors with the greater capacity to direct those funds, vis-à-vis control over the state economic development entity.

Within the scope of these state economic development budget allocations, this essay provides a systematic examination of how the electoral constraints of office compel governors to pursue greater growth in these allocations when they have the capacity to direct and implement economic development policies in pursuit of short term electoral benefits. To be exact, I claim that the differences in behavior between governors possessing varying levels of control over their state's economic development agency, in the form of unfettered appointment power of economic development agency heads and their control of the state's economic development board/commission/council, results in greater growth in state economic entity funding. This behavior should be less acute when the governor lacks the motivate, the electoral insecurity, to engage in this behavior.

The remainder of the essay is outlined as follows. I first examine the efforts by governors in the American states to create jobs and improve state macroeconomic conditions through state economic development. I next examine why governors should desire greater financial resources at their disposal for generating economic growth in their state (*the Goal*), how these funds are appropriated and in what manner (*the Process*), and how having greater control over how to

spend these funds functions in meaningful ways (*the Role of Institutional Capacity*). The following two sections cover issues relating to the data and variables, and further, the statistical results from the empirical analysis. I end by discussing the policymaking implications of executive authority in a separation of powers system.

3.1 Historic Efforts by States to Spur Economic Development

All levels of government are concerned with the overall economic health of the areas they govern. However, economic policy is a moving target, one which governments continually search for new tools and policy formulas to garner greater control of their economic destinies (e.g. Waits 1998). The role of a state government "is to make basic strategic choices to guide state efforts to encourage investment, to establish elements of the business climate such as a tax and regulatory system, to provide specific development assistance and incentives … [and] to strike deals with business firms and entrepreneurs, [thus] creating public-private partnerships" (Eisinger 1998, 95-96). Yet, state governments 1) do not possess the multitude of tools available to the federal government for affecting economic growth, 2) are sharply limited by the federal Constitution and the Interstate Commerce Clause from regulating economic activity to any large degree, and 3) because of balanced budget requirements, face different fiscal constraints compared to the federal level where states must either increase taxes or cut spending from other areas to pay for the means to influence their economic destinies (e.g. Cooper 2011).

Given the lack of tools available to state governments, prior to the 1960's the states took a neutral role toward influencing economic growth. As such, through 3 waves of change in state economic development strategies, the American states altered the ways in which they engage in economic development within their boundaries and in competition with one another. The first

wave of state economic development change began in the mid-1960's as the prevailing attitude concerning the relationship between economic activity and state tax revenues and expenditures shifted (Advisory Commission on Intergovernmental Relations 1967), bringing with it the idea of attracting firms from the old industrial areas to growing regions by offering subsidized loans or direct payments to firms for relocation expenses, tax reductions, subsidies for the cost of plant facilities or utilities, and competitive and expensive industrial recruitment programs (e.g. Advisory Commission on Intergovernmental Relations 1967; Cobb 1982; Chi 1994), beginning a war for economic development between the states (e.g. Chi and Hofmann 2000; Markusen and Nesse 2007).

As this state economic development competition escalated, the second wave began in the early 1980s, with the states shifting their focus from attracting out-of-state firms to retaining and expanding existing firms by offering indirect types of firm-level assistance, such as increasing investment capital, developing entrepreneurial incubators, providing technical assistance to help local businesses grow or expand, and creating programs which offered capital for small businesses, accelerated technology transfers, and expanded workforce-training programs (e.g. Ross and Friedman 1990). This persisted until recently, where the third wave has begun to alter state development policies by emphasizing the need to invent new organizational approaches, and shifting the focus to local development by creating the context for economic growth through public-private partnerships. These partnerships leverage both capital and human resources in an attempt to increase the global competitiveness of a group of strategically linked firms. These new third-wave programs however do not eliminate the first and second wave strategies, but rather provides these previous economic development strategies with both a specific purpose and focus to the use of these techniques (e.g. Ross and Friedman 1990), with the old industrial

recruitment philosophy and financial incentive programs remaining core elements of state economic development policies (e.g. Leicht and Jenkins 1994). For the states, tasked with economic development, attracting larges industrial firms offers the potential for enhanced employment opportunities and creates economic activity in the areas they are located in during both the construction and operational phases.

The role and evolution of state economic development efforts highlighted by this essay, while interesting on their own, is of importance given the various concerns raised by critics of fiscal incentives. These critics argue that 1) smokestack chasing has very little effect on the locational decisions of firms (e.g. U.S. Advisory Commission on Intergovernmental Relations 1967; Wolman 1988; Smith and Fox 1990; Grant, Wallace, and Pitney 1995; Fisher and Peters 1997), 2) financial incentives and programs have had very little actual effect on the macroeconomic health of the state (e.g. Hansen 1984; Ambrosius 1989; Kolko 2010), 3) programs enacted do not always produce their intended results (e.g. Jacobs 1979; Aulde 1980) with costs often exceeding their benefits (e.g. Burstein and Rolnick 1995; Buchholz 1999; Bartik 2005), and 4) the competition between the states resulting from this behavior produces a race to the bottom among the states and produces no economic benefits for the nation as a whole (e.g. Burstein and Rolnick 1995; Zimmerman 1996; Mattera, Cafcas, McIlvaine, Seifter, and Tarczynska 2011). The persistence and recent growth of industrial recruitment policies is puzzling given these detrimental effects (e.g. Lynch 1995; Peters and Fisher 2004).

Further, some governors may not prioritize economic development efforts as highly as others, yet they are often compelled to engage in these efforts in response to nearby state competitors (e.g. Minnesota Office of the Legislative Auditor 1996; Patrick 2015). As addressed above, states often must engage in bidding wars with their competitor states to avoid losing a

beneficial industrial development or relocation which could ultimately disadvantage their state compared to the winner of the bid. Further, a governor may need to devote significant resources to retaining various industries in their state which are at risk of poaching by competitor states. Thus, these states must adopt specific economic development provisions in response to neighboring state competition and in response to financial crises (e.g. Benmelech and Moskowitz 2010). This behavior is best viewed as a diffusion effect whereby economic development policy efforts in a neighboring state can influence the outcomes and behavior in the focal state (e.g. Berry and Kaserman 1993; Lovett 2014), ultimately manifesting in 3 different forms: 1) states learn from each other, borrowing successful innovations and efforts, 2) states compete with each other, and 3) states respond to public pressure for new policies which they see as successful in other states. (e.g. Berry and Berry 1999).

Yet, while these critiques paint a gloomy picture for economic development policymaking in the American states, despite their questionable effectiveness and motivation, state financial incentives remain politically desirable and are widely used (e.g. Litvak and Daniels 1983; Rubin and Zorn 1985; Wasylenko and McGuire 1985; Grady 1987; Wilson 1993). This essay provides a possible answer to this puzzle grounded in both the motivations and means by which governors choose to devote their scarce time and resources toward engaging in this behavior. This is particularly important given the emphasis that some governors who are both sufficiently motivated and empowered, as illustrated in the prior anecdote, place on these efforts.

The following section thus discusses why governors choose to devote state resources toward engaging in these efforts despite their efficacy as discussed above, how and the manner in which these resources are appropriated and dispersed, and how the capacity of both governors and their legislative counterparts influences this process.

3.2 Economic Development: the Goal, the Process, and the Role of Institutional Capacity

It is commonly believed that politicians make decisions that further their own political interests rather than their constituents' economic interests (e.g. Schweke, Rist, and Dabson 1994). This essay advances a theory of gubernatorial behavior within the political economy of economic development programs whereby these elected officials operate in a private enterprise market-oriented society in which they make numerous economic decisions which affect the local economy (e.g. Lindblom 1977). While early studies indicated that gubernatorial elections were largely referenda on the incumbent President's economic policy performance (e.g. Chubb 1988; Simon 1989), the literature now suggests that state macroeconomic conditions significantly impact these elections (e.g. Atkeson and Partin 1995; Leyden and Borrelli 1995; Carsey and Wright 1998). Economic conditions have risen to a point of prominence for governors' reelection bids, and as such, politicians who are concerned with their reelection will stress the macroeconomic implications of their economic policies (e.g. Alesina and Cukierman 1990; Rogoff 1990). Because of this, governors devote significant energy recruiting businesses, promoting economic development, and creating jobs (e.g. Fosler 1988) as a short term political strategy that increases the number of votes a governor receives in the subsequent election (e.g. Eisinger 1995; Turner, Fleming and Kaufman 2005).

However, as the above discussion details, critics of the efficacy of economic development policies argue that the they have a modest effect on the economic growth of a small region such as a state (e.g. Barkik 1991; Lowery and Gray 1992; Brace 1994). Ultimately, governors have little power to influence employment and income, as it falls upon the businesses to choose the locations for their economic activity, their levels of investment and technology employed, both the number and kinds of workers hired, and the projects and services they produce (e.g.

Lindblom 1977; Elkin 1987). However, voters are uncertain about the optimal economic policy, as well as the incumbent's beliefs about the optimal policy, and as such, this allows the incumbent to manipulate policy for their reelection purposes (e.g. Harrington 1993). This uncertainty surrounding economic policy compels governors to pursue a rational strategy whereby they "shoot at everything that flies, claim everything that falls" (Rubin 1988, 236), such that while economic development policies may have modest actual impact, they do satisfy the political need to do something to address voters' concerns.

What emerges then is a view where the electoral requirements of public office lead governors to act in ways inconsistent with achieving the explicit goals of encouraging actual economic growth or redistributing growth to distressed areas and to low-income individuals (e.g. Lindblom 1977). Because of this little to modest effect, economic development policies are often viewed as being important to governors for their symbolic content (e.g. Wolman 1988). Economic development policies serve as a form of symbolic reassurance (e.g. Swanstrom 1985), which are evaluated by voters for their political rather than economic impact since they allow elected officials to appear active in promoting the state's economic development and to claim credit for creating jobs (e.g. Burnier 1992). Where unemployment and low incomes are concerns, economic development programs are invaluable for quickly delivering this symbolic reassurance (e.g. Wolman 1988). Elected officials select highly visible activities which lend themselves to political announcements and groundbreaking ceremonies, rather than programs which are less visible or slow to show results which may actually impact the state's macroeconomic conditions (e.g. Dewar and Hagenlocker 1996). These efforts are newsworthy and highly salient, allowing the elected official to take credit for delivering funds that the constituents believe will increase employment, thus giving symbolic importance to economic

development efforts no matter what their actual effect (e.g. Swanstrom 1985; Rubin 1988; Wolman 1988; Accordino 1994).

This narrative in which economic development policies are examined in political terms is consistent with the literature concerning political business cycles whereby Presidents attempt to spur economic expansions during election years. While these actors cannot easily influence macroeconomic outcomes (e.g. Tufte 1978; Hibbs 1987; Nordaus 1989), they are able to award key government contracts prior to the election events to prime the economy (e.g. Mayer 1991, 1995). Despite the uncertainty and minimal economic impact, governors, like their presidential counterparts, see employing their control over the state economic development entity to engage in economic development efforts and deliver benefits to politically important regions as an attractive short term political strategy (e.g. Turner 2003). However, a political actor's propensity to manipulate of the economy may be governed by how they view their electoral security, manifesting as either the uncertainty of the election results (e.g. Schultz 1995) or their electoral prospects (e.g. Price 1998). Together, a governor may be more or less likely to engage in this particularistic behavior given how they view their own electoral security.

Yet, it should be noted that elected officials are cautious and highly protective in maintaining their position. Many have witnessed colleagues, who by most objective indicators were believed to be electorally secure, suddenly lose their reelection bids. As Fenno (1978) observes, "(n)o matter how secure their electoral circumstances may seem, [elected officials] can always find reasons to feel insecure." As such, even if there is little threat of defeat or facing a (quality)challenger (e.g. Goldenberg, Traugott, and Baumgartner 1986; Krasno and Green 1988; Van Dunk 1997; and Bardwell 2002), incumbent elected officials often act as if they are insecure in their position (e.g Fenno 1978). Further, this behavior often occurs as many elected officials

are highly protective of their image in office as they harbor future progressive ambition and may someday be evaluated upon how they performed while in their previous elected position (e.g. Krause and Melusky 2014).

Related to these electoral and political motivations, governors, like all political actors, can attempt to use their position of authority to reward political allies and punish political adversaries. This opportunistic behavior has often been seen in the context of natural disasters, with governors rewarding electorally important or politically loyal areas with timely response efforts directing money and resources in the wake of recent disasters (e.g. Cray 2005; Gasper and Reeves 2015). Given the magnitude of the grants and resources available, as well as the discretion often afforded the governors to direct these funds, economic development efforts are not immune to the attempts by governors to engage in favoritism or cronyism to benefit political allies and campaign donors (e.g. Burns and Thomas 2004; Hart 2008). Favoritism/cronyism can manifest in governors awarding or directing economic development funds to: electorally loyal areas of the state, areas which are viewed as politically/electorally important in future electoral contests due to prior levels of electoral support, and areas or businesses which are controlled by political allies or campaign contributors. Often distributing many of these rewards through the creation of state economic development "public-private partnerships," governors have embroiled their states in economic development scandals involving the misuse of taxpayer funds, conflicts of interest, excessive executive pay and bonuses, questionable subsidy awards, exaggerated job-creation claims, lack of public disclosure of key records, and other accountability abuses (e.g. LeRoy, Cafcas, McIlvaine, Tarczynska, and Mattera 2013). While governors can use their control over the economic development efforts of the state to hand out favors to their friends and

campaign donors, due to data availability as discussed below, the analysis in this dissertation chapter is unable to directly examine this behavior.

So then with this goal for their economic development efforts firmly planted in the minds of governors, what then is the process by which economic development policies and more importantly resources are developed and dispersed? In the American states, both governors and the state legislatures share responsibility and authority for developing and enacting public policy (e.g. Rosenthal 1990) and economic development policies are no exception.[53] After making their legislative proposals regarding economic development policy (e.g. Taylor 2008), the governor's office drafts and introduces bills to the legislature. After being introduced, the governor, vis-à-vis his legislative liaison staff, works closely with the chamber leaders and various individual legislators to ensure that the bills are shepherded through each step of the legislative process. However, at each step of this process, legislators are provided the opportunity to oppose the governor's economic development policy proposals by either amending the bills in ways which make them unacceptable to the governor or serve as veto points blocking their progress and passage (e.g. Slavin and Adler 1996). Should the governor be successful in securing passage of their economic development policies, the legislature retains the ability to prevent or reduce the appropriations required to implement them. Further, within the implementation phase of the economic development policy, the legislature can attempt to influence the economic development entity which is tasked with administering the particular program (e.g. Rosenthal 1990; Slavin and Adler 1996).

The economic development policies which are enacted by the legislature and implemented by the governor can be divided into 2 categories: *direct and indirect*. Direct

[53] However the actual ability of either actor to do so varies by state given the varying levels of constraint placed upon them by the other actors – as determined by their institutional capacity, which will be discussed in greater detail below.

policies of those which provide assistance to businesses and industries through monetary forms such as financial incentives or services like job training. Indirect policies are those which involve investments which achieve a broader purpose and typically are evaluated through a broader lens, such as public schools (e.g. Bartik 1991). Of these categories, cash or near-cash assistance provided on a discretionary basis to attract or retain business operations owned by large businesses provides the basis for the total resources devoted to economic development (e.g Bartik, Eisinger, and Erickcek 2003).

Of the efforts in the various waves of economic development detailed above, governors have moved away from using tax incentives as their main form of economic development policy for a multitude of reasons. First, tax incentives are of modest importance to many businesses because of the risk that future legislatures may withdraw them or make changes to the state's tax code (e.g. Pomp 1985). Further, immigrating businesses are protective of their image and concerned with being labeled as freeloaders and bullies (e.g. Stolz 1986). Second, in moving away from tax-base incentive programs to non-tax programs, governors began to pursue incentives to attract and retain large businesses which included customized services such as job training, direct loan programs, expedited infrastructure financing, information on potential sites, and assistance with state or local regulations (e.g. Bartik 2007). These programs were more amenable than tax-based incentives because public officials could justify the non-tax incentives as investments in the productive capacity of their state (e.g. Waits 1998), thus avoiding many of the political problems associated with tax incentives (e.g. Salisbury 1986; Whereatt, 1986; Levy 1990). Further, these programs have greater accountability given that costs are fixed at the front-end, and concerns over the equitability of the efforts are lessened because a larger group of existing businesses can benefit from the infrastructure improvements and a well-trained labor

pool (e.g. Kolesar 1990). Third, the government sets precedent when it grants tax incentives, such that offering major tax incentives to one existing business leaves it open to demands by other existing businesses hoping to receive similar treatment (e.g. Lueck 1987). Further, states fear that failure to offer similar treatment will render them at a competitive disadvantage with other states attempting to recruit existing businesses from their state (e.g. Goozner 2000). Fourth, tax-based incentives are viewed as revenue foregone (e.g. Kolesar 1990). This revenue, which would have been derived from the taxes extracted from the recipient businesses, must be redirected from elsewhere in the form of higher property or sales taxes, or from other program funding which leaves the governor open to political retribution for cuts to services (e.g. Enrich 2002). Thus, governors often engage in non-tax incentives which are provided directly from the state economic development entity, which does not rely on changes to the tax code or the state legislature (e.g. Snow 1999).

Each state has an agency responsible for economic development planning and promotion with the policy direction coming from the governor's office or the state economic development board/commission/council, and the day –to-day operations being directed by a single individual, typically the director/commissioner of economic development (e.g. Reinshuttle 1983). These agencies are responsible for allocating public resources directly to the individual firms and corporations, and indirectly through various local development agencies in order to foster economic development and enhance their state's competitive advantage in attracting new industry. However, historically state commerce departments served as the main entity to house state economic development programs, though many programs were decentralized under numerous other state agencies (e.g. Sparks and Pappas 2012). State commerce departments however were not designed for the economic realities whereby businesses and workers faced

rapidly changing markets and technology and greater competition from around the world as well as by other states (e.g. Sparks and Pappas 2012). Realizing the inadequacy of these agencies and the historically decentralized nature of state economic development efforts, governors have worked to reorganize, stream-line, and consolidate exclusive or primary responsibility for state economic development efforts under a singular state entity with the sole mission of fostering the growth and development of their state's economy (e.g. Reinshuttle 1983; Sparks and Pappas 2012).[54] Regardless of the name, size, or form, in terms of comparability, all state economic development entities are engaged in similar functions: 1) planning and initiating development programs, 2) coordination of state development activities, 3) provisioning information services, 4) provisioning technical and other direct services, 5) provisioning financial assistance, 6) coordinating overseas development activities, 7) researching and promotion (e.g. Reinshuttle 1983; Clarke 1986).

The formal institutional powers of a governor can influence the operation of state agencies (e.g. Beyle 1968; Dometrius 1979; Schlesinger 1965). Governors derive their influence over the policy process from their role as both chief legislator, vis-à-vis their ability to propose and secure the passage of legislation, and the role as head of the state bureaucracy, vis-à-vis their managerial role in overseeing program implementation (e.g. Bernick and Wiggins 1991; Raymond 1991). Both formulating and implementing state economic development policy requires a high degree of executive capacity (e.g Heclo 1986). States which possess strong gubernatorial leadership are more likely to develop and aggressively pursue effective economic development policy than states with high levels of legislative involvement (e.g. Atkinson 1991;

[54] In New York, state economic development is directed through two distinct entities the Department of Economic Development and the Empire State Development Corporation, however both are headed by the Commissioner of Economic Development and share senior managers who oversee administration, policy formulation and research, as well as regional office operations.

Brace 1994). These institutionally powerful officeholders can respond more forcefully and more quickly to economic conditions than can office holders in institutionally less powerful states (e.g. Brace 1994). In this essay, the institutional capacity of a governor is considered their ability to direct how the funds of the state's economic development agency are spent vis-à-vis their control over the state's economic development agency. The constitutional powers which translate into a governor's institutional capacity specifically concern a governor's ability to exert control over an agency by resisting external influences on that agency (e.g. Woods 2004) via controlling the agency head who carries out a broad range of management and policymaking functions, effectively extending their reach and influence over the agency (e.g. National Governor's Association 2010) and over career staff instrumental in enacting policy.

Gubernatorial control over the direction of a state's economic development agency manifests in two forms. First, surveys of state departmental administrators have consistently indicated that a governor's ability to appoint an agency head is perceived to be an important source of gubernatorial influence over that state agency (e.g. Abney and Lauth 1983; Dometrius 2002). This appointment authority serves to break legislative-bureaucratic alliances by placing individuals who share the governor's goals and policy agenda into key administrative positions where they can provide governors with influence over policy development and implementation, as well as the regulatory decisions made by the state agencies (e.g. Wright 1967; Hebert, Brudney, and Wright 1983; Ferguson 2003). Thus, the ability to appoint the head of the state's economic development entity, without interference by nomination/confirmation constraints, provides governors effective control over that entity. Second, directing the state's development efforts, setting policy direction and economic development spending, is sometimes controlled by an economic development board/commission/council. These entities are often composed of

various state elected and non-elected officials from the executive and legislative branches, as well as business sector professionals. In some states, the governor serves as the head of these entities, providing that governor the means to directly control the economic development efforts of the state (e.g. Reinshuttle 1983). **Table 3.1** below provides a listing of the states where the governors possess each form of economic development institutional capacity:

Table 3.1: Economic Development Institutional Capacity in the American States (AY 2000-2009)

Governor Possesses Unfettered Appointment Authority	*Governor Serves as Head of State Economic Development Board/Commission/Council*	*Governor Possesses Neither Form of Economic Development Institutional Capacity*
AL, CO, FL, IN, MA, NC, ND, NJ, SD (2000-2002), TN, TX (2003-2009), UT, VT, WI, WV (2000-2004)	GA, IA, KY, MI, SC, TX (2000-2002), VA, WY	AK, AR, AZ, CA, CT, DE, HI, ID, IL, KS, LA, MD, ME, MN, MO, MS, MT, NE, NH, NM, NV, NY, OH, OK, OR, PA, RI, SD (2003-2009), WA, WV (2005-2009),

Notes: 1) In 2003, South Dakota's economic development authority was transitioned from within the Governor's Office of Economic Development into the Department of Tourism and Economic Development;2) In 2003 Texas's economic development authority was moved from the Texas Department of Economic Development to within the governor's executive office as the Office of the Governor: Economic Development and Tourism Division; 3) The state's economic development entity was moved into the Department of Commerce upon its creation in 2005.

As observed in the above table, in 15 states the governors possesses the authority to unilaterally appoint the head of their state's economic development entity, whereas in 8 states the governors serve as the head of their state's economic development board/commission/council. In no state does a governor possess both manifestations of economic development institutional capacity. Within the sample period of this analysis (FY2001-FY2010), there was little change in the institutional capacity within the states, as such, exhibiting little within state variation and more between state variation. Historically, as discussed above, changes to this authority have

occurred during periods of economic development office/departmental reorganization or with the emergence of economic development boards/commissions/councils, often increasing the governor's authority in response to state economic downturn or interstate competition.

As such, governors vary in their ability to engage in economic development activities (e.g. Schlesinger 1971; Mueller 1985; and Beyle and Ferguson 2008). When compared with their federal counterparts who possess a more formalized macroeconomic policymaking responsibility, the constitutional and statutory responsibility for promoting state economic growth and investment within the state economy is less formalized and varies among the states (e.g. Grady 1991). Though, governors who are afforded greater formal powers are more likely to utilize a wide variety of economic development policies (e.g. Ambrosius 1989). Since the 1960's, the trend has been to place the state planning agency in close proximity to the governor, either directly in his office or in his fiscal management arm – departments of administration or finance (e.g. Beyle and Wright 1972). Further, there is variation in their perceived effectiveness by the governors themselves concerning their ability to pursue economic development efforts (e.g. Grady 1989). While some governors possess the authority to propose and implement a development agenda, others are forced to bargain with other state policy leaders (e.g. Grady 1991).

As the above discussion reveals, the development and implementation of economic development policy is benefited by strong gubernatorial capacity given the need to negotiate between industries and governmental entities, provide planning and technical analysis, and serve as a singular point for the delivery government resources. Yet, it is well established in the literature that the governor does not operate solely within a vacuum, rather having its capacity constrained by the legislative branch when pursuing economic development efforts (e.g. Osborne

1988; Lampe 1988). Given the separation of powers system, legislatures serve the important role of authorizing the laws and appropriations on which a state's economic development policy design and effectiveness is founded (e.g. Heclo 1986). Within this process, legislatures are not limited to only considering the economic development proposals advanced by the governor, rather, they have their own economic development policy agendas and initiate many policy proposals (e.g. Rosenthal 1990).

How then do legislatures specifically constrain governors economic development efforts? First, since legislators are concerned with bringing pork-barrel projects back to their district based constituencies, they oppose gubernatorial initiatives which threaten their ability to deliver (e.g. Rosenthal 1990; Atkinson 1991; Slavin and Adler 1996) and announce the awarding of the pork via the "politics of announcement," which establishes their reputation as one who can deliver for the district and builds political support across party lines and ideologies (e.g. Stone and Sanders 1987: 178; Hanson 1989). Second, the legislature's ability to deliver constituent dispensations relies on carefully developed relationships between the legislative committees and the associated administrative agencies. As such, legislators will oppose gubernatorial efforts which attempt to encroach upon and supplant these relationships (e.g. Bernick and Wiggins 1991). Third, the natural partisan tensions which exist during differing compositions of divided government constrain the governor's ability to pursue economic development policy (e.g. Dye 1988; Atkinson 1991). A governor's own political party when divided into ideological factions can constrain the base legislative support they received for their proposals (e.g. Jewell 1969; Ransone 1982; Beyle 1983). The logical implication of the above discussion concerning governors who are insecure in their reelection prospects is that they could potentially harm the state by wasting state funds in pursuit of short-term electoral benefits. Ultimately, these

legislative constraints on governors afford state legislatures the ability to serve as powerful ex-ante checks upon governors from engaging in potentially wasteful and self-serving economic development spending.[55]

While most explanations for the development and growth of certain policy areas imply strong, well-informed policy committees dedicated to pursing the agenda through the chamber, when it comes to economic development policy this is not accurate (e.g. Advisory Commission on Intergovernmental Relations 1981). Economic development policy is often a result of ignorance rather than information since the modest effect of financial incentives allows the policymakers the freedom to follow personal advice, intuition, and inclination (e.g. Advisory Commission on Intergovernmental Relations 1981; Dewar 1986). Conversely, a more professional legislature when presented with proposed financial incentives, which may cost the state more in foregone revenue than it could hope to recoup in future taxes, should weight the evidence carefully and refuse to enact the incentive (e.g. Grady 1987). Taken together, more professional state legislatures can constrain the economic development efforts of these electorally dependent governors.

The institutional capacity of a governor to direct their state's economic development entity is brought to bear because of the electoral requirements of their office which compel them to attempt to influence the macroeconomic environment through economic development efforts which generate more symbolic rather than actual effects. Optimally, evaluating the role of institutional capacity given a governor's electoral constraints would be done by comparatively

[55] A governor's ability to harm the state through this spending behavior should be taken with some caution for 2 reasons. First, they are naturally constrained in the amount of harm they can cause by the percentage of the overall state budget which economic development entity appropriations composes. Second, the prior literature suggests that because legislators possess strong electoral incentives to deliver particularistic benefits to their constituents without having to incur individual-level accountability for their policy actions, legislatures prefer a higher level of spending than compared to elected executives (e.g. Fitts and Inman 1992; Hallerberg and Marier 2004). As such, executives are often viewed as the political actor tasked with limiting fiscal-spending growth.

examining the specific efforts undertaken by governors. However, systematic data concerning the targeting of these gubernatorial efforts at economic development is either unavailable in any systematic fashion or that which is available is often too unreliable. Further, most economic development negotiations are held behind closed doors without the knowledge of other competing business and governmental actors (e.g. Moss and Upadhyay 1998; Howe and Vallianatos 1998). As such, much of the prior research which attempts to examine specific gubernatorial economic development efforts focuses only on a handful of states (e.g. Turner 2003). Because of the limited and nonsystematic availability of economic development data, this essay thus examines the state economic development entity budget data to illustrate the relationship between a governor's electoral constraints and their capacity to direct economic development spending.

Yet, is it reasonable to assume that changes to economic development entity budgetary allocations reflect a governor's electoral and political priorities? For governors, state budget allocations provide governors with the raw means to engage in economic development efforts, and these budget allocations are indicative of the type and direction of state policy and the emphasis the state puts on economic development activities (e.g. Bradshaw and Blakey 1999). When making budgetary requests, elected agency heads from the governor's political party typically receive greater support, whereas elected officials from the opposition party of the governor do not receive the additional gubernatorial support for budget requests or growth (e.g. Clarke 1997). Agency requests in terms of both short-term success (approval of the current year's request) and long-term success (expansion over the previous year's budget) are linked to a governor's support (e.g. Wright 1967; Sharkansky 1968; Lauth 1984). Ultimately, the support an agency receives influences its ability to affect public policy (e.g. Meier 1980). Institutionally

stronger governors are more successful in directing resources to their state's development agency and work to maintain a higher degree of control over how their economic development policies are implemented (e.g. Grady 1988). Thus, having greater state economic development funds at their disposal will allow governors to rationally "shoot at everything that flies, claim everything that falls" (Rubin 1988, 236), particularly for those governors with the greater capacity to direct those funds, vis-à-vis control over the state economic development entity.

While changes in overall state spending, which include the growth in state economic development allocations, are well explained by general theories of public budgeting, most do not consider whether political actors have both the motivation and means to decide how specific funds are spent after the budget is enacted. Because governors (and state legislatures) are 1) constrained by a scarcity of time and resources when developing a budget, 2) limited in both the amount and areas of the budget which they can extract budgetary concessions from their political counterparts and rivals, and 3) aware of the modest impact of economic development spending on actual macroeconomic changes, the growth in the budgetary allocations for the state's economic development entity should be pursued by those actors who are sufficiently motivated and possess the means to actually direct the funds in pursuit of short-term electoral and political goals. Thus, the growth in a state's economic development entity appropriations provides the only systematic means available to examine the relationship between a governor's electoral constraints and their capacity to direct economic development spending.

In considering the funds provided by the state for economic development efforts, prior to the 1960's, only a handful of pioneering states and cities devoted significant funds toward attracting private investment and job creation (e.g. Eisinger 2002). Because of the historical expansion of state economic development activities addressed above, and the importance that

governors place upon these efforts, today the 50 American states and the District of Columbia together spend billions of dollars each year on state economic development. The precise amount specifically spent each year on economic development efforts however is unknown because many states do not regularly and reliably report such information (e.g. Pew Charitable Trusts 2015). Some limited surveys of specific economic development efforts have provided estimates of state spending. Considering only major tax incentives, one aspect of state economic development entity spending, the combined costs exceed $9 billion per year, whereas considering incentives only for the film industry, the states spend about $1.3 billion per year (e.g. Henchman 2011; Pew Charitable Trusts 2015). As such, the only systematic data available concerns the total budgetary appropriations allocated to each state's economic development entity. Across the sample period in the analysis below, states on average spent $94,706,860.71 ($24.18 per capita) each year. While these raw appropriations in levels are interesting, only by considering the growth in the appropriations from one year to the next, can the relationships of interest be examined.

Taken together, some governors may be more successful than others in directing state economic development efforts. As such it is expected that:

Hypothesis 1a: States where governors can appoint their state's economic development entity head, unconstrained by confirmations or approval requirements from other actors, will exhibit greater growth in that entity's budget compared to states where governors lack this authority.

Hypothesis 1b: States where governors serve as the head of the state's economic development board/commission/council will exhibit greater growth in the state's economic development entity budget compared to states where governors lack this authority.

I expect the above hypotheses given that formal institutional capacity, vis-à-vis control over the appointment of their state's economic development entity head or serving as the head of the state's economic development board/commission/council, provides the governor with the ability

to direct how the money appropriated to the state's economic development entity is spent. Having this increased authority affords the governor, compared to those governors who lack either form of economic development institutional capacity, a means by which he/she can engage in particularistic economic development efforts in pursuit of short term electoral benefits (e.g. Turner 2003). Thus, these institutionally empowered governors should desire increased growth in their state's economic development allocations as these funds afford them a greater ability to engage in economic development activities in pursuit of their electoral and political goals.

Voters have been shown to evaluate governors in reference to their office's "functional responsibilities," expecting governors to provide for the state's education, highways, and most importantly, prosperity (e.g. Atkeson and Partin 1995, 2001; Arceneaux 2006). Numerous studies have found that state economic variables affect gubernatorial approval (e.g. Atkeson and Partin 1995; Niemi, Stanley, and Vogel 1995; Jacobson 2006).[56] These governors who are held accountable for their state's economy, are thus dependent on the electoral resources to remain in power and advance their agenda. As such, those governors which are concerned with their electoral prospects should act as opportunists engaging in economic development efforts in pursuit of reelection (e.g. Besley and Case 1995; Lowry, Alt, and Ferree 1998; Gasper and Reeves 2015).

Taken together, given that governors are held accountable for stimulating economic development and job creation, and that governors who are afforded greater formal powers are more likely to utilize a wide variety of economic development policies (e.g. Ambrosius 1989), it is expected that:

[56] Although some studies have found mixed evidence (e.g. Peltzman 1987; Stein 1990; Leyden and Borrelli 1995; Crew and Weiher 1996; Ebeid and Rodden 2006).

Hypothesis 1c: The effect of a governor's authority to solely appoint their state's economic development entity head on the growth in that entity's budget should be less pronounced when they are more electorally secure in their electoral prospects.

Hypothesis 1d: The effect of a governor's authority to serve as the head of the state's economic development board/commission/council on the growth in that entity's budget should be less pronounced when they are more electorally secure in their electoral prospects.

As discussed above, even those political actors who face little threat of electoral challenge or reelection defeat may act as though they see themselves as insecure in their position (e.g. Fenno 1978). However, I expect the above hypotheses given that while these governors have the means (the institutional capacity to direct economic development spending), they lack the compelling motivation and need to do such (electoral insecurity). This is because governors are limited in which actions they prioritize and engage in by both time and resources. Because the actual effect of economic development policies is often minimal (e.g. Peters and Fisher 2004) and because electorally secure governors can pursue their main political and policy goals through budgetary negotiations against a constraining legislature (e.g. Osborne 1988; Lampe 1988; Rosenthal 1990; Slavin and Adler 1996), ultimately these governors should have less of a need and desire to grow their state's economic development entity budget necessary to engage in manipulate of the state's economy, compared to governors who are uncertain of the election results (e.g. Schultz 1995) or their electoral prospects (e.g. Price 1998).

The next section details the data, hypotheses, and statistical methods used to test the proposition that unfettered gubernatorial control over a state's economic development agency should exert a positive influence on the growth of agency's budget appropriation.

3.3 Data and Methods

To examine how gubernatorial institutional capacity influences the growth in economic development agency funding, this analysis considers state economic development agency

budgets from FY 2001 (AY 2000) to FY 2010 (AY 2009).[57] The budgets are the real total allocation per capita provided to the state economic development agency in a given fiscal year.[58] Because federal funds are typically provided to states in the form of grants with associated restrictions (e.g. CDBG, SBA, HUD grants) and given that not all states employ their state economic development agency as the office responsible for handling federal funds (e.g. Grady 1988), these federal funds are subtracted from the total appropriations. To examine the change in economic development agency funding from one fiscal year to the next, the analysis employs the dependent variable, **Annual Real State Economic Development Funds Growth**. This variable is computed as $(\ln[Y_{i\,t}]—\ln[Y_{i\,t-1}])*100$, where Y represents the level of real state government budget allocations per capita for the economic development entity in state *i* in fiscal year *t* (*t–1)*.[59] Positive values indicate inflation-adjusted economic development agency spending growth, whereas, negative values indicate inflation-adjusted economic development entity spending cuts. Mean = 0.62, Min= -353.41, Max= 284.73, SD= 45.99.[60,61]

[57] The time period for this analysis was dependent on the emergence of singular state economic development entities due to reorganization and consolidation efforts by governors.

[58] Data taken from various state sources including state budget documents and fiscal publications. This series is adjusted for inflation by the implicit price deflator (Index: 2005=100) from the Gross Domestic Product: Implicit Price Deflator series in the St. Louis Federal Reserve Database that can be located at http://research.stlouisfed.org/fred2/series/GDPDEF?cid521).

[59] An average growth rate for a particular period is typically specified in period-to-period growth margins and computed as the difference between the *Current Period* and *Previous Period* values divided by either the *Current Period* or *Previous Period* value. This can lead to considerable problems if average growth rates are calculated for times-series data with strongly pronounced fluctuations. As such, this standard approach (see for example Kirchgässner, Wolters, and Hassler 2012: 5-8; Hans Frances, van Dijk, and Opschoor 2014: 172-175; Kočenda and Cerný 2014: 19-21) to constructing a continuous growth rate for time-series data, which is less sensitive to false fluctuations from large year-to-year changes, is employed.

[60] The plotted kernel density estimate presented in **Figure B.1** located in **Appendix B** provides an illustration of the distribution of the dependent variable in this analysis.

[61] It should be noted that the minimum and maximum values for the dependent variable are rather large in magnitude. These values are associated with structural changes to the economic development entity in Indiana 2002-2005. To examine whether these outlier values are driving the main analysis below, supplemental analysis was conducted by omitted these outlier values, the results of which are found in **Table B.1** located in **Appendix B**. Given that there was little change in the results across model specifications, rather than deleting relevant data, the main analysis below includes these observations from Indiana.

A governor's ability to control the economic development agency efforts is captured by two binary indicators.[62] The first measure concerns a governor's power to appoint the economic development agency head unfettered by needing approval from another institutional actor, **Governor Solo Appointment Authority** (+) (N=125, 25.99%).[63,64] Akin to Beyle's 1988 Appointment Powers index, state's were initially coded as: Governor's appointment with no other approval needed; Governor's cabinet appointment with governor's approval; Governor's appointment with board, council or legislative approval; Governor's cabinet appointment without governor's approval; Board appointment with gubernatorial approval, or governor and legislative approval; Board appointment with no gubernatorial approval, civil service appointment or agency head appointment with board approval; Legislative appointment; and Official elected by popular vote. From this initial coding, the indicator was further refined and coded 1 in states where governors make appointments without need for approval,[65] and 0 otherwise.

The second measure concerns the fact that governors who face within-branch rivals are uniquely disadvantaged in their efforts to manage the executive branch (e.g. Bowman, Woods, and Stark 2010). Policy direction for economic development programs typically comes from a governor's office, but this role is sometimes vested in a state economic development board/commission/council which is employed to direct the state's development efforts (e.g. Reinshuttle 1983). While 16 states currently have some form of economic development board or commission, variation exists in the degree of control over this entity enjoyed by the governor. As such, **Control of Economic Development Board/Commission/Council** (+) (N=73, 15.18%)

[62] Descriptive statistics for the following variables can be found in **Table B.2** located in **Appendix B**.
[63] Data for this variable were taken from the *Book of the States* (various years), various state documentation from economic development agencies, and communications with state officials.
[64] The sign in the parenthesis following each variable's name indicates the direction of the hypothesized relationship.
[65] This coding includes the "Governor's appointment with no other approval needed" and "Governor's cabinet appointment with governor's approval."

is coded 1 where the governor is the head (president, chair, etc) of the state's economic development board/commission/council, and 0 otherwise.[66] As noted above, in no state does a governor possess both manifestations of economic development institutional capacity.[67]

From the discussion above, governors are held accountable for their state's economy, and further, are dependent on the electoral resources to remain in power and advance their agenda (e.g. Besley and Case 1995; Lowry, Alt, and Ferree 1998; Gasper and Reeves 2015). As such, those governors who perceive themselves to be electorally vulnerable given their prior general election performance should be concerned with spurring economic development in their state.[68] Thus, the indicator **Previous Electoral Vote Share** (+) (Mean=55.36, SD=6.98) is a measure of the percentage of the vote the governor won their last election.[69,70] However, the opportunistic behavior of governors with greater institutional control over their state's economic development agency, while positive, should be less pronounced when conditioned on their electoral security. Thus, this conditional effect is captured with the inclusion of the interaction term: **Gov Solo Appt x Vote Share** (+). To examine how this behavior is influenced when the

[66] Otherwise includes states where governors have no control or shared control over this entity, and states where these entities do not exist. Data for this variable were taken from various state economic development websites, publications, and statutes.

[67] Supplemental analysis merges both indicators of economic development institutional capacity into a single indicator, *Economic Development Capacity*, coded 1 if the governor possesses either indicator of institutional capacity and coded 0 otherwise. The main analysis below is reestimated with the substitution of this binary indicator, and the results of this analysis are found in **Table B.3** in **Appendix B**. Given the similarity in results, and since in no state does a governor possess both manifestations of economic development authority, the disaggregated institutional capacity indicators are used in the main empirical analysis below.

[68] Previous iterations of this essay used a binary indicator for the electoral vulnerability of the governor, e.g. if the governor won their last election contest by less than 60% (a conservative threshold for electoral vulnerably which is well established in the literature as an acceptable threshold for operationalizing electoral vulnerability). Because the truncated nature of the variable omitted important variation, it was replaced by the continuous indicator of the governor's previous electoral vote share.

[69] Data for this variable were taken from Scammon, McGillivray, and Cook's *America Votes* series (various years)

[70] All governors should desire to increase the economic development funds available given the weight placed upon governors to maintain the health of the state's economy, thus necessitating a positive hypothesized relationship. The more electorally secure the governor is however, while still positive, should be smaller in magnitude.

electoral constraints are greatest, gubernatorial **Election Year**s (+) (N=108, 22.45%), is additionally included and coded 1 if the year is a gubernatorial election year and 0 otherwise.[71,72]

Given that poor economic conditions increase gubernatorial efforts to recruit corporations to their states (Grady 1988) and that governors are held accountable state economic conditions (e.g. Hanson 1993), the **State Unemployment Rate** (+) (Mean=5.14, SD=1.65),[73,74,75] should influence a governor's desire to increase their state economic development agency's budget.

It is the conventional wisdom that states with large urbanized populations possessing complex economic bases possess innovative and sophisticated public agencies in order to deal with higher levels of demand placed upon their state governments (Mohr 1969; Walker 1969). As such, larger, more economically complex states should provide greater resources to their state development agencies. Thus, **State Population**[76] (+) (Mean=5746.04, SD=6416.78), is a measure of the size of the states population in thousands. Further, states with a more activist orientation toward government are expected to devote more resources to their state economic

[71] Data for this variable were taken from Scammon, McGillivray, and Cook's *America Votes* series (various years).
[72] In the main analysis below, a governor's previous electoral vote share (**Previous Electoral Vote Share**) and gubernatorial election years (**Election Years**) are considered separately. However, this assumes that a governor's vote share is in full effect for the full duration of a governor's term in office. Supplemental analysis considers the conditional effect of these indicators, the results of which are found in **Table B.4** in **Appendix B**. Given the similarity in results with the main model, the more parsimonious model is employed.
[73] Data for this variable were taken from the *Bureau of Labor Statistics* website at http://www.bls.gov/lau/ (see Unemployment Rates for States Annual Average Rankings).
[74] Supplemental analysis considers an alternative measure of the change in the state unemployment rate from the prior year to the current year, the results of which are found in **Table B.5** in **Appendix B**.
[75] As discussed above, a governor's stewardship of the state's economy influences their success in future political endeavors, e.g. affecting their progressive ambition. Supplemental analysis considers a crude measure for whether a governor harbors progressive ambition (i.e. if the governor ever sought election to higher office after serving as governor), the results of which are found in the **Table B.6** in **Appendix B**. Given that the inclusion of this variable yields similar results with the main model while yielding marginally significant findings (1-tailed significance), in the interest of using a more parsimonious model, these findings remain supplementary.
[76] Data for this variable were taken from the Bureau of Economic Analysis, www.bea.gov/regional/index.html, midyear population estimations from US Census Bureau, in thousands.

development agencies (e.g. Grady 1988). As such, **State Liberalism**[77] (+) (Mean=48.67, SD=23.03) is included, measuring the citizen ideology of the state as a NOMINATE score.

Agency requests in terms of both short-term success (approval of this year's request) and long-term success (expansion over the previous year's budget) are linked to a governor's support (e.g. Wright 1967; Sharkansky 1968; Lauth 1984), resulting from legislative institutional capacity (e.g. Pound 1992; Squire 2007). The measure **Legislature Session Length** (-) (Mean=64.55, SD=40.68) is used to measure the state's legislative institutional capacity and is coded as the number of days a state legislature is in session in a given year.[78]

When the governor and the legislature are divided on partisan lines, e.g. while in a state of divided government, the legislature typically reduces the amount of authority delegated to the executive branch (e.g. Epstein and O'Halloran 1999; Huber, Shipan, and Pfahler 2001) and desires greater control over the economic development agency (e.g. Bibby, Cotter, Gibson, and Huckshorn 1983). As such, two measures of divided government are included: where **Split Partisan Legislature Government** (-) (N=120, 24.95%) is coded 1 for if the control of the chambers of the state legislature were divided between the two major political parties and 0 otherwise; and **Unified Partisan Legislature Government** (-) (N=157, 32.64%) is coded 1 for if

[77] Data for this variable were provided by Berry, Ringquist, Fording, and Hanson (2007).

[78] Squire's measure of legislative professionalization is calculated at uneven intervals, and lacks the yearly observations necessitated by this study. The number of days in session provides an accurate reflection of both the time a legislature is able to devote to budgetary negotiations, as well as their level of patience in these negotiations (e.g. Kousser and Phillips 2009). Data for this variable was taken from "Bill and Resolution Introductions and Enactments" Table in the *Book of the States* (various years). Missing data was resolved through the use of state legislative session calendars. Information unable to be resolved through these means was imputed in STATA. Given that state legislative session lengths do not vary much from one year to the next, this method is appropriate. In some states, the *Book of the States* lists different session lengths for each legislative chamber. As such, the primary analysis in this essay employs the lower session length of the two chambers listed for that state, to avoid overestimating the session length of the state legislature.

the branches of the government were divided between the two major political parties and 0 otherwise.[79, 80]

The change and organization of an agency, adding and eliminating programs, offices, and sections, can dramatically influence both the size of the agencies budget and its growth. As such, **Change in Agency** (~) (N=30, 6.24%)[81] is coded 1 if the state economic development entity underwent a structural change in the given year, and 0 otherwise. Finally, given the impact of the economic recession in which began and significantly impacted the final two fiscal years (AY 2008 and 2009) in this analysis, binary indicators of included for **Year 2008** and **Year 2009** (-).

To account for both unobserved heterogeneity across states and dependence within states, panel regression models are estimated with cross–sectional random effects and robust standard errors clustered by state.[82]

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[79] Data for this variable was taken from Carl Klarner's "State Partisan Balance Data" located at http://www.indstate.edu/polisci/klarnerpolitics.htm. Unified government serves as the omitted category for baseline comparison.

[80] Given its non-partisan unicameral legislature, Nebraska is always considered to be in a state of divided government.

[81] These structural changes in the state economic development entity occur in a variety of ways: either moving the economic development jurisdiction into(out of) the executive office of the governor, transitioning the jurisdiction from the state's commerce department into a stand-alone economic development agency, or simply reorganizing the economic development jurisdiction within the current entity. These structural changes can sometimes benefit the governor by increasing his/her influence over the state's economic development efforts (moving economic development jurisdiction into the executive office of the governor), decreasing their influence (moving this jurisdiction out of the executive office), or some combination depending on the influence the governor has over the reorganized or created entity. With each of these changes comes an associated change to the budgetary allocations for the economic development entity. Given that a change to an economic development entity can either increase or decrease the size of its budget depending on the extent and circumstances concerning the change, and due to the data limitations concerning the changes and extent of the structural reorganization, no hypothesized direction is able to be offered.

[82] A Hausman test was performed in STATA version 13 to determine whether to employ fixed or random effects. Given the insignificant P-value (0.15) obtained, the null hypothesis that the coefficients estimated by the efficient random effects estimator are the same as the ones estimated by the consistent fixed effects estimator cannot be rejected. Thus, the more efficient model (random effects) is employed over the less efficient but more consistent model (fixed effects). Given the low power of a Hausman test, supplemental robustness checks are performed by estimating the above model with various specifications as discussed below.

3.4 Statistical Findings

The regression results from the analysis examining the growth in state economic development entity allocations are presented in **Table 3.2** below:

Table 3.2: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Random Effects Models

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	5.931^{+} (4.0003)	4.686 (28.514)	5.929^{+} (3.999)	4.951 (29.372)
Control of Economic Development Commission/Council (+)	1.618 (4.136)	1.618 (4.143)	4.554 (36.272)	4.284 (37.607)
Previous Electoral Vote Share (+)	0.068 (0.192)	0.063 (0.185)	0.072 (0.189)	0.067 (0.185)
Gov Solo Appt x Vote Share (+)	–	0.022 (0.516)	–	0.018 (0.531)
Control of Comm/Council x Vote Share (+)	–	–	–0.053 (0.628)	–0.048 (0.654)
Ancillary Controls				
Election Year (+)	–2.879 (2.953)	–2.883 (2.971)	–2.890 (2.957)	–2.892 (2.971)
State UE Rate (+)	–5.096*** (1.628)	–5.098*** (1.639)	–5.095*** (1.628)	–5.096*** (1.639)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	4.271 (7.893)	4.271 (7.906)	4.272 (7.903)	4.272 (7.915)
State Legislature Session Length (+)	0.218*** (0.046)	0.218*** (0.046)	0.218*** (0.045)	0.218*** (0.045)
State Liberalism (+)	0.013 (0.078)	0.013 (0.078)	0.013 (0.079)	0.013 (0.079)
Split Partisan Legislature (-)	–3.458 (4.134)	–3.457 (4.140)	–3.438 (4.122)	–3.439 (4.121)
Unified Partisan Legislature (-)	–0.735 (3.702)	–0.728 (3.717)	–0.738 (3.707)	–0.732 (3.723)
Year 2008 (-)	–7.306* (4.207)	–7.298* (4.254)	–7.286* (4.225)	–7.281* (4.259)
Year 2009 (-)	7.379 (8.869)	7.388 (8.942)	7.389 (8.903)	7.395 (8.964)
Constant	13.329 (14.549)	13.646 (15.474)	13.105 (14.072)	13.374 (15.171)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.066	0.066	0.066	0.066

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

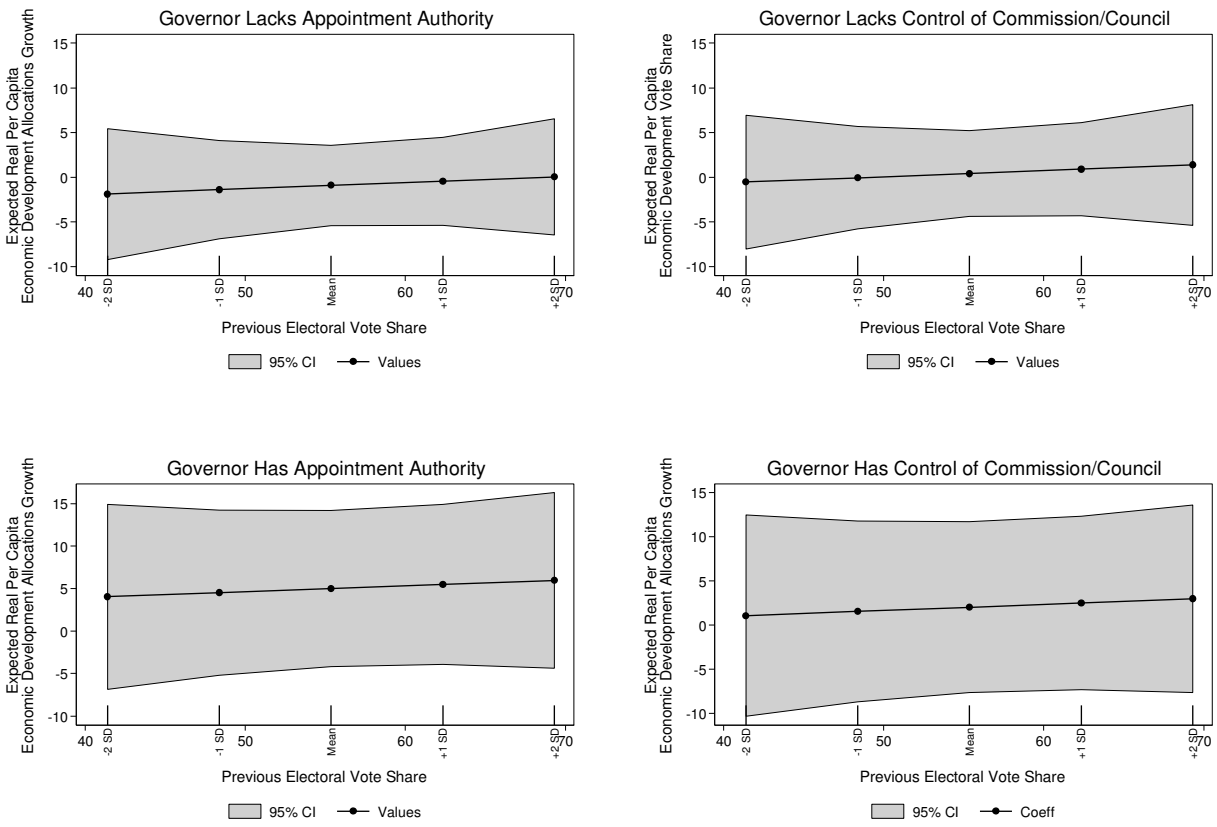
Models 1-4 examine the change in real state economic development funding from one fiscal year to the next (*Annual Real State Economic Development Funds Growth*), with **Models 2-4** accounting for the conditional impact a governor's electoral vulnerability plays in their desire to influence economic development allocations. Examination of the ancillary control variables reveal several intriguing patterns. For example, the more professional a state legislature (as measured in the number of days a state legislature is in session: *State Legislature Session Length*), each day longer the state legislature is in session (e.g. increasingly professional) results in a ~0.22% (**Models 1-4**) increase in economic development funds from one fiscal year to the next. While contrary to hypothesized expectations, these findings are indicative of earlier findings by LeLoup (1978) showing that legislative professionalism is highly related to state economic development. It may be that since these more highly professional legislatures tend to be more involved in the policymaking process compared to their more amateur counterparts, they push for greater growth in the economic development agency budgets to engage in more active economic development policymaking (examined more closely below). Similarly, larger states (measured in thousands of persons: *State Population (thousands)*) experience a less than 1% decrease (**Models 1-4**) in economic development fund allocations than do states with smaller populations. Contrary to expectations, state's allocating funds in a gubernatorial election year or with higher unemployment rates, experience significant decreases in their economic development funding (-2.88% to -2.89% and -5.09 to -4.10 respectively). These findings are rather confounding given that these are times when we would expect governors to push for greater economic development resource allocations, providing them with the tools to 1) generate electoral support for economic development investment efforts, and 2) to simulate economic recovery. However, it might be that when considered within the lens of the extant literature by

Ragsdale and Theis (1997), poor state economic conditions often necessitate symbolic cuts in executive agency staffing and funding.

The main empirical results concerning the ability of a governor to direct the efforts of the state's economic development agency, via unfettered appointment of the agency head (*Governor Solo Appointment Authority*) or control of the state's economic development commission/council (*Control of Economic Development Commission/Council*), present a unique scenario. These governors experience growth in their economic development agency budgets when they control the appointment of the agency head (5.93%) and when they control the state economic development commission/council (1.62%), though these effects while correct in hypothesized direction, either is marginally significant (1-tailed) or fails to attain a level statistical significance respectively. However, when the conditional relationship of the governor's previous general election vote share (*Previous Electoral Vote Share*) is considered (**Models 2-4**), an interesting story begins to emerge, though albeit suggested by marginally significant or null effects. When governors are electorally insecure given their previous electoral fortunes, the results suggest that state economic development agencies observe a sizable impact of 4.95% greater growth in their budget allocations for economic development when they control the appointment of that agency's head, and 4.28% greater growth when they control the commission/council (**Model 4**), though neither effect attains a level of statistical significance. Yet, as the governor becomes more secure in their electoral prospects, when they control the appointment of the agency head there is less than a 1% increase and when they control the commission/council there is a less than 1% decrease, though neither effect obtains a level of statistical significance. These findings tentatively suggest that the more electorally secure a governor is in their electoral prospects (vis-à-vis their prior general election vote share), there is less of an urgent need to push for greater

growth in their state's economic development budget, though the results should be taken with caution given the insignificant estimates.

To better examine the conditional relationship between a governor's institutional capacity and their electoral security, simulations are performed on the regression estimates from **Model 1** to generate expected values of the dependent variable under alternative scenarios of the governor's institutional capacity and their electoral vulnerability. The results of these simulations are depicted in **Figure 3.1** below:



Note: Point estimates are denoted by both circle and corresponding 95% confidence intervals from **Model 1**. All other covariates are held at their mean values. Mean = 55.36%, Standard Deviation = 6.98%.

Figure 3.1: Simulated Impact of Economic Development Agency Control on State Economic Development Agency Allocations Growth in the American States

The simulations involve varying the level of the governor's control over the economic development agency head appointments, serving as the head of the state's economic development commission/council, and the governor's previous electoral vote share, while holding all other variables at their mean values. The wider shaded area in these figures reflects a larger 95% confidence interval surrounding the predicted values of the dependent variable for a given simulation. As displayed in this figure, both a governor's institutional capacity and their electoral vulnerability influence the growth of that state's economic development agency budgetary allocations from one fiscal year to the next. A governor who lacks the ability to appoint their state's economic development entity head with a previous general election vote share of 2 standard deviations (41.40%) below the mean experiences 1.88% decreased growth in the budgetary allocation, while one 2 standard deviations (69.32%) above the mean experiences only a 0.03% increase in the growth of the budgetary allocations. However, those governors with greater capacity to appoint their entity's head experience a 4.05% increase in growth at -2 standard deviations below the mean compared to a 5.96% increase in growth at +2 standard deviations above the mean. Similarly, a governor who is not the head of the economic development commission/council in their state experiences a 0.54% decrease in the growth of the budgetary allocations at -2 standard deviations below the mean to 1.37% increase in the growth of the budgetary allocations at +2 standard deviations above the mean, whereas governors with greater capacity experience a 1.07% increase in growth at -2 standard deviations below the mean to 2.98% increase in growth at +2 standard deviations above the mean. However, the confidence intervals in **Figure 3.1** surrounding the predicted values of the dependent variable for the given simulation are very wide, such that they cross over the 0 line, thus not providing evidence that allows me to reject the null hypothesis. As such, while the predicted values suggest the

importance of economic development efforts for governors, though presenting a situation contrary to theoretical expectations when the governor's electoral security is considered, these simulation should be taken with care. In cautiously interpreting these what these figures may suggest, governors which possess the ability to direct the economic development efforts of the state agency vis-à-vis their unfettered ability to appoint the head of that agency, or who are the head of the state's economic development commission/council, experience a higher than the average rate (0.625) of growth in their economic development entity budget allocations compared to their institutionally weaker counterparts. And further, when the electoral security of a governor is considered, the more secure a governor is in their electoral prospects, the greater the growth in the economic development budgetary allocations. What this perhaps signals is that the other budgetary actors (e.g. the legislature) are aware of the electoral constraints facing governors and given their historic use of economic development funds for particularistic gains, they thus draw tighter the state purse strings when governors would be most likely to need this increased funding and engage in this type of behavior.

These null findings in the main conditional effects could be resulting from the relative lack of within-unit variation in these variables over time, with most of the variation occurring across the states rather than across time.[83] To more closely examining the relationship between control over the state's economic development agency and the growth in that agency's resources, I employ a fixed-effects variance decomposition estimation approach as advanced by Plümper and Troeger (2007) which first estimates a fixed-effects model to obtain the unit effects, then derives the constituent parts (time-invariant and/or weakly time-invariant variables, and an error

[83] For comparative purposes, the previous models were specified with fixed effects. See **Table B.7** in **Appendix B** for the results from that analysis. The most noticeable differences are a change in the direction of the main empirical effects, which are indicative are omitted variable bias.

term) of the unit effects, and finally reestimates the model by pooled OLS including the constituent parts to account for the unexplained part of the unit effects. The results from this analysis are presented in **Table 3.3** below:

Table 3.3: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Panel Fixed Effects Regression with Vector Decomposition

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	7.017 (6.311)	20.159 (145.531)	6.947 (6.347)	22.821 (134.357)
Control of Economic Development Commission/Council (+)	4.720 (7.539)	4.761 (7.562)	24.179 (133.936)	28.251 (139.253)
Previous Electoral Vote Share (+)	–0.007 (0.393)	0.051 (0.783)	0.021 (0.444)	0.097 (0.701)
Gov Solo Appt x Vote Share (+)	–	–0.236 (2.600)	–	–0.285 (2.396)
Control of Comm/Council x Vote Share (+)	–	–	–0.353 (2.420)	–0.426 (2.519)
Ancillary Controls				
Election Year (+)	–0.294 (5.291)	–0.250 (5.327)	–0.338 (5.306)	–0.295 (5.354)
State UE Rate (+)	–7.858*** (2.710)	–7.825*** (2.769)	–7.942*** (2.760)	–7.919*** (2.839)
State Population (thousands) (+)	–0.001** (0.0005)	–0.001** (0.0005)	–0.001* (0.0005)	–0.001* (0.0005)
Change in Agency (~)	0.575 (10.133)	0.598 (10.153)	0.582 (10.146)	0.611 (10.164)
State Legislature Session Length (+)	0.341*** (0.095)	0.341*** (0.095)	0.340*** (0.095)	0.340*** (0.095)
State Liberalism (+)	0.172 (0.163)	0.176 (0.169)	0.170 (0.164)	0.173 (0.172)
Split Partisan Legislature (-)	–7.336 (8.059)	–7.407 (8.073)	–7.248 (8.073)	–7.316 (8.092)
Unified Partisan Legislature (-)	1.771 (6.543)	1.806 (6.598)	1.680 (6.590)	1.703 (6.663)
Year 2008 (-)	–5.297 (7.357)	–5.391 (7.464)	–5.106 (7.468)	–5.181 (7.629)
Year 2009 (-)	16.500^{+} (12.623)	16.334 (12.898)	16.913^{+} (12.890)	16.798 (13.281)
Constant	13.907 (29.421)	10.424 (51.478)	12.911 (30.413)	8.494 (47.011)
N × T (Effective Sample Size)	481	481	481	481
R^2	0.125	0.125	0.125	0.126

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

As observed in these results, many of the same patterns concerning the aforementioned relationships persist. However, with the inclusion of both fixed and random effects, relationships which were previously found to attain a level of statistical significance, have become attenuated and the magnitude of several effects noticeably altered. Once accounting for some of the omitted variables bias, the constituent element of the governor's electorally security changes in direction, however the effects across all four models fail to obtain a level of statistical significance. These null findings suggest that the more electorally secure governor is, they experience less growth in their economic development agency budget when they possess the capacity to direct that agency either through appointment authority or control of the state's commission/council.

Bell and Jones (2012) suggest that this XTFEVD approach by Plümper and Troeger retains many of the flaws of the Fixed Effects models. As such, they propose a "within-between" formulation which clearly separates the within and between effects. To further examine these relationships, and I employ this hybrid model to overcome the noted flaws of the Fixed Effects approach and to generate results which the authors note as being more interpretable. The results from the reestimation of **Models 1-4** employing the this hybrid approach are presented in **Table 3.4** below:

Table 3.4: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Hybrid Models

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority - within (+)	–10.581 (21.558)	6.406 (55.206)	–10.285 (21.627)	9.938 (56.216)
Governor Solo Appointment Authority - mean (+)	7.704^{+} (5.325)	–35.340 (66.622)	7.696^{+} (5.336)	–37.397 (67.171)
Control of Economic Development Commission/Council – within (+)	–7.473 (43.513)	–5.655 (43.920)	15.475 (90.541)	23.101 (92.765)
Control of Economic Development Commission/Council – mean (+)	1.606 (6.255)	1.670 (6.266)	–24.574 (129.969)	–34.298 (130.965)
Previous Electoral Vote Share - within (+)	0.003 (0.380)	0.075 (0.437)	0.033 (0.394)	0.125 (0.461)
Previous Electoral Vote Share - mean (+)	0.535 (0.578)	0.353 (0.644)	0.502 (0.603)	0.298 (0.676)
Gov Solo Appt x Vote Share - within (+)	–	–0.291 (0.871)	–	–0.346 (0.887)
Gov Solo Appt x Vote Share - mean (+)	–	0.776 (1.197)	–	0.813 (1.207)
Control of Comm/Council x Vote Share - within (+)	–	–	–0.373 (1.291)	–0.462 (1.313)
Control of Comm/Council x Vote Share - mean (+)	–	–	0.477 (2.366)	0.656 (2.385)
Ancillary Controls				
Election Year – within (+)	–0.560 (5.161)	–0.514 (5.171)	–0.609 (5.174)	–0.566 (5.183)
Election Year – mean (+)	–38.280 (33.283)	–35.529 (33.605)	–38.148 (33.357)	–35.217 (33.690)
State UE Rate – within (+)	–7.877*** (2.582)	–7.837*** (2.589)	–7.965*** (2.605)	–7.938*** (2.610)
State UE Rate – mean (+)	–2.803 (2.620)	–2.679 (2.631)	–2.920 (2.689)	–2.835 (2.696)
State Population (thousands) – within (+)	0.013 (0.010)	0.013 (0.010)	0.013 (0.010)	0.013 (0.010)
State Population (thousands) – mean (+)	–0.001** (0.0004)	–0.001** (0.0004)	–0.001* (0.0004)	–0.001** (0.0004)
Change in Agency – within (~)	–0.097 (9.953)	–0.086 (9.969)	–0.094 (9.973)	–0.081 (9.988)
Change in Agency – mean (~)	19.104 (20.116)	18.570 (20.165)	19.191 (20.162)	18.664 (20.208)
State Legislature Session Length – within (+)	0.334*** (0.090)	0.334*** (0.091)	0.333*** (0.091)	0.333*** (0.091)
State Legislature Session Length – mean (+)	0.117^{+} (0.073)	0.124* (0.074)	0.116^{+} (0.074)	0.124* (0.075)
State Liberalism – within (+)	0.148 (0.160)	0.152 (0.160)	0.145 (0.160)	0.149 (0.161)
State Liberalism – mean (+)	0.020 (0.133)	0.027 (0.134)	0.018 (0.134)	0.024 (0.135)
Split Partisan Legislature – within (–)	–7.189 (7.527)	–7.273 (7.543)	–7.096 (7.550)	–7.173 (7.564)
Split Partisan Legislature – mean (–)	3.730 (8.818)	3.409 (8.846)	3.625 (8.852)	3.250 (8.882)

Table 3.4 Continued				
Unified Partisan Legislature – within (–)	1.657 (6.182)	1.697 (6.193)	1.560 (6.203)	1.584 (6.213)
Unified Partisan Legislature – mean (–)	–1.531 (8.993)	–0.530 (9.138)	–1.737 (9.069)	–0.766 (9.196)
Year 2008 – within (–)	–14.045* (8.442)	–14.160* (8.463)	–13.851^{+} (8.486)	–13.940^{+} (8.502)
Year 2008 – mean (–)	0	0	0	0
Year 2009 – within (–)	5.887 (13.292)	5.678 (13.328)	6.312 (13.400)	6.165 (13.426)
Year 2009 – mean (–)	0	0	0	0
Constant	0.625 (2.045)	0.625 (2.048)	0.625 (2.049)	0.625 (2.052)
Years – within	0.996 (1.151)	1.024 (1.156)	1.002 (1.154)	1.036 (1.159)
N × T (Effective Sample Size)	481	481	481	481
AIC	5051.838	5055.392	5055.824	5059.305
BIC	5164.587	5176.492	5176.924	5188.757
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one–tailed)				

What emerges from the hybrid approach are results which are more consistent with the initial Random Effects model compared to the Fixed Effects model. Across the various covariates of interest, examination of both the explicitly modeled between and within effects reveals many of the previously observed relationships. Consistently shown, governors who are electorally secure do they receive a increase in the growth of the economic development agency's budget allocation. However, when they are afforded the capacity to control their states economic development agency and when they are less secure in their electoral standing, the state agencies often observe a sizable reduction in their budget growth. Though as in the previous specifications, the results either are marginally significant or fail to obtain a level of statistical significance. Taken together, across a variety of specifications and if the marginal/null findings are cautiously viewed, a governor's capability and their electoral vulnerability may influence the growth in economic development entity allocations from one fiscal year to the next, however often working in a manner contrary to theoretical expectations.

Given the tepid support for gubernatorial influence over the growth of economic development entity funding in the American states, I am left to consider several alternative explanations which could be the source of the prior null findings. In considering the process by which the funding for the state's economic development entity is generated, and the insight from the simulated effects above, the role of the legislature as an active budgetary player demands further attention. Prior findings by LeLoup (1978) show that legislative professionalism is highly related to state economic development. It may be that since these more highly professional legislatures tend to be more involved in the policymaking process than their more amateur counterparts. These more professional legislatures have a greater incentive and the capacity (staff expertise and resources) to engage in more active economic development policymaking and direct state funding to their core constituencies in pursuit of 1) reelection and maintaining majority control in the legislature (e.g. LeLoup 1978; Gerber, Maestas, and Dometrius 2005; Jenkins, Leicht, and Wendt 2006) and 2) enhancing the prospects for its most progressively ambitious members (e.g. Soule 1969; Francis and Baker 1986; Maestas 2000). These professional legislatures should be more capable of constraining the state's economic development entity and thus should be more willing to expand funding tto better serve their own needs. Taken together, perhaps the particularism of these more professionalized legislatures serves as an alternative explanation for understanding variation in economic development entity funding growth and not the executive universalism as espoused in the extant literature (evinced by the meager growth in state job creation as attributed to the efforts of governors addressed above).

Thus two alternative understandings considering the role of legislative capacity and the willingness of the legislature to help or hinder the governor in securing greater economic

development entity funding emerge. Perhaps the more professional legislatures (those with greater capacity, e.g. longer session length), work to assist governors sharing their party brand while restricting their opposition governors. It is well documented that the budgetary process increases rather than resolves partisan competition (e.g. National Conference of State Legislatures 1995), and when the governor and the legislature are divided on partisan lines, e.g. while in a state of divided government, the legislature typically reduces the amount of authority delegated to the executive branch (e.g. Epstein and O'Halloran 1999; Huber, Shipan, and Pfahler 2001) and desires greater control over the economic development agency (e.g. Bibby, Cotter, Gibson, and Huckshorn 1983). In essence, under periods of unified government, when there are shared incentives between the executive and legislative branches to deliver particularistic benefits, we should expect greater institutional cooperation, and thus economic development entity allocations growth should be increasing under these conditions compared to under periods of divided government. Similarly, these effects should be more pronounced during election years when the need to deliver these benefits becomes more critical for purposes of maintaining partisan control of the government.

As such, I reestimate the Random Effects models from **Table 3.2** above to examine the relationship between legislative capacity and economic development entity allocations growth. **Models 1-2** examine legislative capacity under a variety of combinations of the partisan control of the state government, while **Models 3-4** account for the conditional impact of gubernatorial election years. The results from this analysis are presented in **Table 3.5** below:[84]

[84] These models were additionally estimated with the same Fixed Effects, XTFEVD, and Hybrid models from above. The results from this supplemental analysis can be found in **Tables B.8, B.9, and B.10** located in **Appendix B**.

Table 3.5: Economic Development Allocations in the American States (FY 2001 – FY 2010) Random Effects Models –Legislative Incentive

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	6.176^{+} (3.954)	5.776^{+} (3.940)	6.130^{+} (3.934)	5.830^{+} (3.992)
Control of Economic Development Commission/Council (+)	1.606 (4.192)	1.932 (4.242)	1.759 (4.252)	2.233 (4.369)
Previous Electoral Vote Share (+)	0.060 (0.196)	0.040 (0.184)	0.048 (0.200)	0.033 (0.187)
Ancillary Controls				
State Legislature Session Length (+)	0.281*** (0.092)	0.097^{+} (0.074)	0.325*** (0.100)	0.096 (0.079)
Unified Government (+)	5.678 (6.226)	–	8.944 (7.026)	–
Split Partisan Legislature (-)	–	–2.382 (6.770)	–	–1.648 (7.674)
Unified Partisan Legislature (-)	–	–12.401* (7.137)	–	–16.621** (8.260)
Election Year (+)	–3.039 (2.928)	–3.119 (2.886)	10.686 (8.986)	–4.711 (5.501)
Session Length x Unified Government	–0.090 (0.103)	–	–0.124 (0.117)	–
Session Length x Split Partisan Legislature	–	–0.020 (0.100)	–	–0.031 (0.116)
Session Length x Unified Partisan Legislature	–	0.189^{+} (0.123)	–	0.235* (0.142)
Election Year x Session Length	–	–	–0.174 (0.145)	–0.024 (0.101)
Election Year x Unified Government	–	–	–12.382 (9.743)	–
Election Year x Split Partisan Legislature	–	–	–	–5.195 (11.788)
Election Year x Unified Partisan Legislature	–	–	–	15.354^{+} (10.538)
Session Length x Election Year x Unified Government	–	–	0.126 (0.173)	–
Session Length x Election Year x Split Partisan Legislature	–	–	–	0.070 (0.188)
Session Length x Election Year x Unified Partisan Legislature	–	–	–	–0.155 (0.188)
State UE Rate (+)	–5.115*** (1.656)	–4.910*** (1.648)	–5.229*** (1.658)	–5.027*** (1.661)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	5.121 (7.738)	5.123 (7.875)	5.078 (7.654)	5.121 (7.776)
State Liberalism (+)	0.013 (0.077)	0.019 (0.077)	0.011 (0.076)	0.017 (0.077)
Year 2008 (-)	–7.768* (4.377)	–8.130* (4.386)	–7.585* (4.485)	–7.911* (4.499)
Year 2009 (-)	7.927 (8.999)	7.464 (8.984)	8.439 (9.065)	7.902 (9.108)

Table 3.5 Continued				
Constant	8.423 (15.623)	20.828^{+} (13.380)	5.960 (16.021)	22.360* (13.257)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.066	0.071	0.067	0.074
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)				

As can be observed in **Models 1 and 2**, in understanding the role of legislative capacity, there is a differential effect under both periods of unified and divided government consistent with the literature which asserts that that the dynamic between the governor and the legislature is very different under periods of unified and divided government (e.g. Clark 1998). Contrary to theoretical expectations, under periods of unified government and the more nuanced condition of divided partisan legislature government, when the governor faces a split legislature where the governor has a partisan ally in one chamber of the legislature, the state economic development entity experience a decrease in the growth of its budgetary allocations, though neither effect attains a level of statistical significance. Similar results emerge even when the electoral year constraints are considered (**Models 3 and 4**). Yet, most telling is that when governor faces a unified legislature controlled by the opposition party (**Unified Partisan Legislature Government**). It is during these periods that the budgetary process becomes more difficult, with each branch seeking to pursue a budget in line with its ideological and policy goals ensuring that the passage of conflictual policy is the most difficult (e.g. Bowling and Ferguson 2001). When the legislature is institutionally weak and the chamber is politically unified against the governor, the largest significant effect is observed. Under these conditions, the state economic development entity experiences a 12.40% decrease in its budgetary allocations growth. Yet, when the legislature is institutionally strong, the entity experiences a 0.19% increase in the budgetary allocations. What these two effects suggest is that perhaps there exists a story

whereby the capacity of both budgetary actors needs to be considered, given the importance of both the motivation and capacity to engage in economic development policymaking.

As such, perhaps there is a power struggle between the legislative and executive branches concerning the control over the particularistic benefits of providing economic development efforts throughout the state. In this second understanding of legislative capacity, the legislature can use its greater capacity to serve as an institutional check on the efforts of governors to engage in behavior which generate short-term electoral gains. Under certain institutional conditions, the legislature should be more willing to reduce the funding the economic development entity receives. In particular, when a highly professionalized legislature faces a governor which lacks the ability to appoint the head of the economic development entity or is not the head of the economic development commission/council, the state should experience the highest level of growth in the budgetary allocations given that the legislature not only needs the particularistic benefits addressed above, but now has the means to control and direct it. Yet, when these same highly professionalized legislatures face governors with high capacity (control over either of the administrative processes), the state should experience its lowest levels of growth given that these professional legislatures which are dependent on the particularistic benefits should not want to cede control to the governor who can ultimately control the direction and dispersal of the benefits. However, when the legislature is of low institutional capacity, they may be too weak to counter the advances of the governor in increasing the budgetary allocations to the state economic development agency. Further, they may also lack the motivations necessary to hinder the governor given that they have weaker incentives for pursuing and obtaining particularistic benefits. As such, it should be expected in states with an institutionally strong governor faced by a weaker legislature, it should experience greater growth in the

economic development entity allocations than in those states with both institutionally weak actors.

I again reestimate the Random Effects models from **Table 3.2** above to examine the relationship between the institutional capacity of the budgetary actors and economic development entity allocations growth. **Models 1-2** examine the conditional effect of executive and legislative capacity on the growth of state economic development entity budgetary allocations growth. The results from this analysis are presented in **Table 3.6** below:[85]

[85] These models were additionally estimated with the same Fixed Effects, XTFEVD, and Hybrid models from above. The results from this supplemental analysis can be found in **Tables B.11, B.12, and B.13** found in **Appendix B**.

Table 3.6: Economic Development Allocations in the American States (FY 2001 – FY 2010) Random Effects Models – Institutional Conflict

Variables	Model 1	Model 2
Governor Solo Appointment Authority (+)	4.604 (6.830)	6.000^{+} (4.004)
Control of Economic Development Commission/Council (+)	1.529 (4.178)	5.180 (11.129)
Previous Electoral Vote Share (+)	0.073 (0.190)	0.069 (0.194)
Ancillary Controls		
State Legislature Session Length (+)	0.213*** (0.051)	0.222*** (0.045)
Session Length x Governor Appt Authority	0.021 (0.097)	–
Session Length x Commission/Council	–	–0.061 (0.187)
Split Partisan Legislature (-)	–3.441 (4.145)	–3.463 (4.130)
Unified Partisan Legislature (-)	–0.750 (3.715)	–0.784 (3.687)
Election Year (+)	–2.862 (2.948)	–2.883 (2.949)
State UE Rate (+)	–5.087*** (1.630)	–4.982*** (1.743)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	4.211 (7.912)	4.134 (7.935)
State Liberalism (+)	0.011 (0.079)	0.015 (0.079)
Year 2008 (-)	–7.296* (4.219)	–7.318* (4.204)
Year 2009 (-)	7.293 (8.896)	6.956 (9.151)
Constant	13.444 (14.694)	12.461 (15.529)
N × T (Effective Sample Size)	481	481
Overall R^2	0.066	0.066

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*.
Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

As can be observed in **Models 1 and 2**, the results offer limited support for this understanding of the power struggle between the executive and legislative branches. When an institutionally strong governor faces a weaker legislature, they are able to obtain greater growth in the economic development entity's budgetary allocations, experiencing 4.6%/6.0% greater growth when they can appoint the entity's head and 1.5%/5.2% greater growth when they are they head of the state's economic development commission/council, though these findings are either marginally significant or fail to obtain a level of statistical significance. Similarly, when a institutionally strong legislature faces a weak governor, the state experiences 0.21%/0.22% greater growth in the budgetary allocations growth. Most telling of these results is that when the budgetary actors are both institutionally strong, the state experiences its lowest levels of growth at 0.02%/-0.06%, though these results too fail to obtain a level of statistical significance. These results cautiously suggest that the budgetary process, specifically regarding economic development funding, is a battle of institutional wills. Stronger institutional actors may be able to extract greater funds when it is to their advantage and when the they can exploit the weakness of their institutional counterparts. However, when these actors are both institutionally strong, the typically interbranch competition emerges, and very little growth occurs.

While governors historically have devoted significant energy toward utilizing their state's economic development agency as an short term political strategy (e.g. Fosler 1988; Turner, Fleming and Kaufman 2005), they remain constrained by the budgetary process, and more importantly, their institutional counterparts which limit their ability to increase the resources available to pursue these electoral goals. If the above findings are taken with a degree of caution, they may offer some relief for those who may be concerned with concentrating control over such an important state function in the hands of an electorally dependent unitary actor.

3.5 Discussion

Using budgetary data collected for state economic development agencies in the American states FY 2001-2010, this essay sought to offer insight into the interplay between institutional capacity and electoral incentives. The tepid results from the above analysis suggests that a governor's control of the state's economic development efforts matters in the growth of the state economic development agency's budget, and when examined within the lens of electoral vulnerability, the results suggest a more nuanced understanding of economic development allocations.

Governors take office intent on accomplishing various policy and electoral goals, and like all executives, they find that their ability to do so is subject to various constraints. As the subsequent analysis regarding institutional capacity, and the broader theme of this dissertation reveals, institutional actors do not operate within a vacuum. While historically, governors have tended to dominate the executive-legislative branch relationship in budgetary matters, legislatures are not without influence (e.g. Abney and Lauth 1989, 1998). The professionalization that the American state legislatures experienced over the last twenty-five years, has equipped them to compete with the governor (e.g. Pound 1992) by increasing their ability to perform their policy-making role "with an expertise, seriousness, and effort comparable to other actors" in this process (Mooney 1995, 48-49). Ultimately, this institutional capacity enhances the ability of state legislatures to secure greater appropriations for their local geographic constituencies (e.g. Crain and Miller 1990), and as the above analysis cautiously suggests, the area of state economic development efforts is no exception to this claim.

While the field of state economic development research has yielded much information about the efficacy of economic development spending and offering financial incentives (e.g.

Wolman 1988; Smith and Fox 1990; Mattera et. al 2011), what is less well known is how effective governors are in pursuing these incentives, and what this means for politics today given the current economic climate, with high levels of unemployment and states spending an estimated $70 billion a year in an attempt to spur economic development. Especially in this current political and economic climate, this study offers insight into how executives respond to the pressure to maintain the health of their jurisdiction's economy, all the while, being constrained by their own electoral security and the desires of the other institutional actors. While these actors cannot easily influence salient macroeconomic outcomes (e.g. Tufte 1978; Hibbs 1987; Nordaus 1989), what is known about these actors is that they are able to award key government contracts prior to the election events to prime the economy (e.g. Mayer 1991, 1995). Governors, like their presidential counterparts, use their control over their state's economic development entity to engage in economic development efforts and deliver benefits to politically important regions, mainly as an attractive political strategy despite the uncertain and minimal economic impact (e.g. Turner 2003).

Ultimately, this research has provided important first step in more fully understanding the process by which states actively attempt to encourage economic growth. Further, this study presents a step towards shedding new light on unanswered questions concerning why economic development efforts and offering financial incentives matters, and more importantly, why some governors are more successful than others in their efforts to do so. More broadly, to scholars of institutional design the findings from this essay suggest the consequences of gubernatorial power grabbing in a separation of powers system, and the Madisonian role that the separation of power system maintains.

4.0 LEGISLATIVE PAY IN THE AMERICAN STATES AND INDIVIDUAL RETIREMENT DECISIONS

In the spring of 2003, halfway through her second term, Maine state representative Marie Laverriere-Boucher resigned from the legislature to take a job teaching at her local high school. She like many of her fellow legislators, struggled with a desire to engage in public service but was faced with the realities of how to support her growing family. The 186 members of Maine's legislature spend on average two-thirds of their time on the job, but make about $10,000 a year for their service. In particular, in the first year of their two-year terms, representatives and senators generally spend five to six months in session, while in the second year, the time in session usually drops to three or four months. However, once the formal legislative session has adjourned for the year, a representative's legislative responsibilities are not complete, as they are still accountable for dealing with requests from constituents and attending district and interest group functions, in what amounts to essentially year-round legislative service. Yet for their service, the legislators each earn $19,515 for the two-year session, a $32 daily meal allowance, and a travel reimbursement of 32 cents for each mile they drive between their district and Augusta (a rate well below the federal mileage reimbursement). For many legislators with long commutes, service during legislative sessions requires spending five nights a week in the capitol, a cost not reimbursed by the legislature (Wack 2004).

While Representative Laverriere-Boucher would have preferred to remain in her office and push for reforms to Maine's foster care system, her financial realities triumphed when faced

with a salary not representative of the demands of her office. When questioned concerning this financial struggle to serve, she remarked that some of her fellow legislators went so far as to "mortgaged their homes just to be there" (Wack 2004). However, even for members who hold other positions of primary employment, as another legislator from Maine accurately described the situation, service in the legislature represents a "significant loss in salary" from their primary employment given that "legislative salary has not kept up with the cost-of-living and reimbursement for meals, room, and travel have remained the same" (seacoastonline.com 2002). When comparing the difference in a legislator's compensation and the median household income in the state, Maine ranks in the lowest 1/3 of the country. Taken together, it is not uncommon for legislators to choose retirement over continued service because of financial reasons (Wack 2004).

Yet, the situation dramatically differs in nearby New York with its 213 member full-time legislature, each compensated $79,500 per year for their service. Here legislative service is synonymous with careerism given that, on average, only 5% of the legislature turns over from one session to the next, and as such, the legislature has a history of members serving for lengthy amounts of time. One of these careerist state legislators was Senator John Marchi, who served from May 20, 1921 until his death in office on April 25, 2009. His lengthy tenure in the State Senate allowed him to obtain a position of leadership as the chair of the Senate Finance Committee, pursue numerous policy initiatives of concern to both his constituents and himself, and to be active in various interstate organizations including the National Conference of State Legislatures and the Council of State Governments (Kurtz 2006). Unlike Maine, the difference in pay from the median household wage is one of the most favorable to state legislators in the

country, and affords individuals like Senator Marchi, the ability to forgo working as an attorney or in other lucrative professions in lieu of serving in the legislature.

As the above narratives illustrate, the salary a state legislator is paid for their service is a significant consideration for members in their decision to remain in office, especially when that salary does not accurately reflect the demands of that office, and when that pay pales in comparison to the wages earned by the rest of their state. Yet, this phenomena is not restricted only to Maine or New York, as payment for legislative service is often a controversial topic and tends to vary drastically from one state to the next. This essay thus seeks to provide new answers to the much researched question of why legislators retire by examining how this variation in legislative pay and its difference from other state wages influences an individual legislator's decision-making behavior. As such, this dissertation chapter examines the overarching theme of institutional capacity within the context of this well studied indicator of state legislative capacity, the compensation provided to the membership.

Over the last two decades, students of legislative elections and institutional change have attempted to examine the causes and consequences of membership turnover in legislative bodies (e.g. Moore and Hibbing 1992; Kiewiet and Zeng 1993; Groseclose and Krehbiel 1994; Hall and Van Houweling 1995; Moore and Hibbing 1998). Frequent turnover in legislative chambers raises several normatively important issues of concern for both elected officials and their constituents. High turnover can be costly to an electorate as the previously experienced politicians are replaced by an incoming cohort of inexperienced politicians (e.g. Adams and Kenny 1986), electoral accountability suffers as it weakens reelection constraints (e.g. Crain 1977; Krupnikov, Morton, and Shipan 2008), and politicians develop a shortsighted view of the consequences of their behavior resulting in inefficient fiscal policy and decreased long-term

economic growth (e.g. Uppal and Glazer 2011). For the legislators and the greater legislative body which they are part of, frequent legislative turnover can result in decreased performance by legislative committees effectively deteriorating the policymaking process (e.g. Rosenthal 1974a; Hamm and Moncrief 1982) and the associated increases in staff turnover decrease policy output and increase conflict between the chambers (e.g. Cain and Kousser 2004). Consistent with the greater theme of this dissertation concerning the influence of institutional capacity, ultimately this frequent turnover can lead to a drain in the capacity of the institution to respond to the needs of the constituency and its ability to contend with the historically stronger executive counterparts in developing and enacting new public policy and state budgets.

In the American states, for legislatures to better compete with governors in these aforementioned areas, they seek to increase the quality of their membership by attracting and retaining candidates with unique personal and professional experience, as maintaining a legislature of higher quality individuals leads to more capable legislatures with increased policy-making capabilities and collective responsiveness (e.g. Rosenthal 1996; Squire 1992a). However, public service is not the most glamorous nor is it the most lucrative career option and these institutions must incentivize quality candidates with sufficient compensation to sacrifice lucrative outside employment and private income to both run for and remain in public office (e.g. Rosenthal 1974b). If these members are not adequately paid, then the candidates to fill these offices are drawn from a smaller pool. A selection criterion is imposed on who can serve in office as many potential candidates are not in a position to devote the time being a legislator usually requires or accept the financial consequences of service (e.g. Squire, Moncrief, and Jewell 2010). As such, attracting good candidates becomes more difficult when legislative pay is

not representative of the requirements of the position and when it is lower when compared to other jobs and professions in the state (e.g. Kelderman 2007).

Thus, increasing legislative salary serves as a form of institutional maintenance, as it is necessary to maintaining a caliber of membership capable of providing the policy-making and constituent services demanded by the state electorate. Legislatures vary in their capacity to set legislative compensation, though state legislators typically play some role in determining their own compensation (Sollars 1994). Traditionally, legislative compensation has been set by both statute and constitution; however the trend has been the removal of constitutional restrictions on legislative salaries and expenses (e.g. Balutis 1979). Despite the fact that legislatures possess the capacity, to varying degrees, to raise the pay of their membership, in 28 states legislative compensation has declined when adjusted for inflation. Even in states where legislative pay has increased, it has failed to keep pace with the wages of other jobs (Penchoff 2007). To provide a visual account of this trend, **Figure 4.1** below graphically presents the real legislative salary, real median household income, and the difference between these amounts across all 50 states, and is separated by the various professional, hybrid, and citizen/amateur legislatures.[86]

[86] State legislatures are grouped according to NCSL color categories: Professional Legislatures = Green (AK, CA, FL, IL, MA, MI, OH, NY, PA, WI); Hybrid Legislatures = Gray (AL, AZ, AR, CO, CT, DE, HI, IN, IA, KY, LA, MD, MN, NJ, MO, NE, NC, OK, OR, SC, TN, TX, VA, Wa); and Amateur Legislatures = Gold (GA, ID, KS, ME, MS, MT, NH, ND, NM, NV, RI, SD, UT, VT, WV, WY). http://www.ncsl.org/research/about-state-legislatures/full-and-part-time-legislatures.aspx.

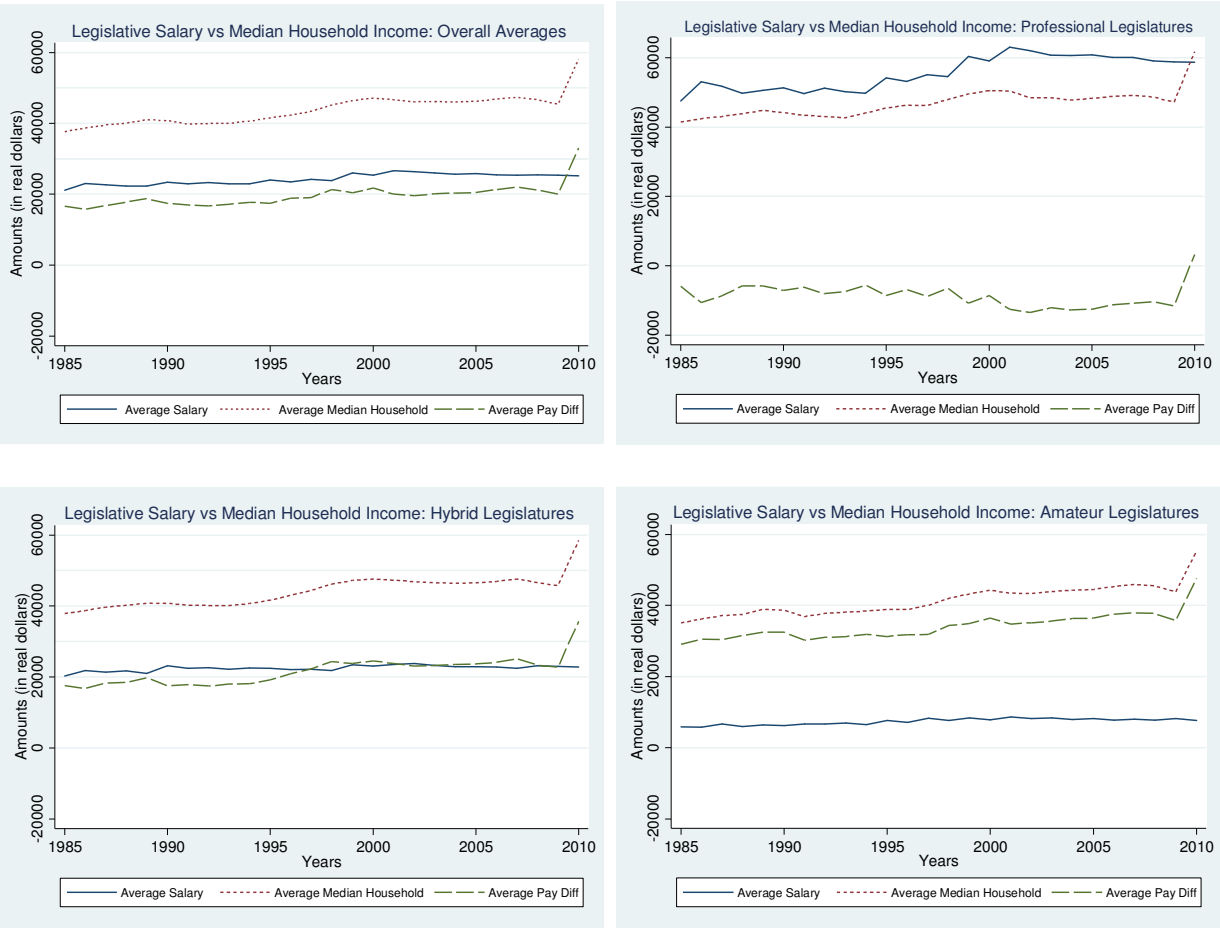


Figure 4.1: Legislative Salary Compared to Median Household Income Over Time

As this essay shall show, legislative salary and its difference from the real median house income in the state, though strongly related, present two different reference points for members of the these institutions. The former serves as a base value for the attractiveness of the seat, while the later serves as a reference for if service in the legislature compared to outside employment represents a boon (higher legislative pay relative to a lower median household income) or a bane (lower legislative pay relative to a higher median household income) to the member.

While critics of increasing legislative compensation argue that higher state legislative pay erodes public confidence in the institution (e.g. Kelleher and Wolak 2007) and creates a environment of careerist politicians (e.g. Berkman 1994; Squire 1992a; Thompson and Moncrief 1992), the benefits of greater legislative pay often outweigh these critiques as it maintains a quality membership (e.g. Maestas 2000) which is better equipped to compete with the governor (e.g. Karnig and Sigelman 1975; Roeder 1979; Thompson 1986; Rosenthal 1996).

Considering the disparity in legislative pay from one state to the next, the essay examines the extent to which pay influences legislative behavior, offering insight into the consequences of declining legislative compensation which often fails to keep pace with other state wages. Using a unique dataset of individual retirement decisions of all state legislators from 2000 through 2010, this essay seeks to answer the question of why individual legislators decide whether to remain in their elected position or voluntarily retire, especially when faced with meager legislative compensation and compensation which lags behind other state wages. In particular this essay provides the first systematic examination of individual legislative retirement behavior across all 50 states, whereas prior studies have only examined legislative turnover in the aggregate (e.g. Jewell and Breaux 1988; Squire 1988a) or across a subset of the American states (Blair and Henry 1981; Francis and Baker 1986; Stonecash 1993), thus making prior

generalizations difficult. Accounting for personal and political constraints, this essay in particular attempts to show that a meager legislative salary significantly increases the likelihood that an individual legislator chooses to vacate their elected office rather than remain in office.

This essay thus proceeds in the following order. In the first section I examine the importance of legislative retirement, the consequences of turnover, the determinants of legislative retirement, and the role that salary plays in that determination. In the second section I establish the data, the variables theoretically associated with legislative retirement decisions, and the methodological framework by which I will evaluate the hypothesized relationships. I conclude by describing the results from the empirical analysis and discussing both the practical and broader implications of the findings for our understanding of legislative behavior.

4.1 The Importance of Legislative Retirement

Studies of legislative behavior tend to start from the understanding that elected officials are single-minded seekers of reelection. This goal of winning reelection explains a significant portion of their behavior, including the time and resources they devote to constituent service and casework, the issues they devote their attention and resources toward pursuing, and their committee assignment requests and transfers which aid in their pursuit of this goal (e.g. Fenno 1973; Mayhew 1974; Fiorina 1977). Yet, this understanding concerning reelection is not true forever, as most members choose at some point in their legislative career to retire for a multitude of reasons. Turnover in both Congress (e.g. Hall and Van Houweling 1995; Ornstein, Mann, and Malbin 2000) and the American state legislatures (e.g. Hyneman 1938; Calvert 1979; Breaux and Jewell 1992) results more from voluntary departure rather than electoral defeat, often conflicting with Rohde's (1979) assumption that returning to private status is an undesirable alternative except in very unusual circumstances.

While most studies of legislative retirement focus on Congress, this institution tends to be categorized by a lack of turnover and an insulation of the membership, as Congress has become a place for long-term careers (e.g. Polsby 1968; Bullock 1972; Fiorina, Rohde, and Wissel 1975).[87] State legislatures however have historically experienced a high rate of turnover in their membership from one session to the next. Some of the earliest estimates of state legislatures revealed turnover rate of between 30 and 40 percent (Rosenthal 1974b), and though rates have declined in subsequent years, turnover still remain fairly high averaging between 25 to 30 percent (e.g. Francis and Baker 1986; Moncrief, Niemi, and Powell 2004). As such, the American state legislatures provide an optimal unit of observation by which to examine this manifestation of legislative decision-making behavior.

Of critical importance in examining legislative retirement decisions in the American states is first establishing that turnover is of substantive importance and has tangible implications for the institution and the electorate. Normatively, high levels of legislative turnover, resulting mainly due to voluntary retirement, can poses a significant threat to a responsive government. An individual's political ambition is linked to the concept of accountability such that if the popular control of elected government is to be effective, politicians must care about their political future. Without a desire to seek reelection, politicians lack a strong incentive to act according to the will of their constituents, depriving the electorate of the ability to control its representatives through electoral constraints (Schlesinger 1966). While the American democratic system is unlikely to suffer from this form of electoral breakdown as a result of legislative retirement, turnover more generally underscores more serious problems associated with the institution's ability to recruit and retain quality members and the incentive structure

[87] The decline in Congressional turnover rates is well documented in the previous literature (e.g. Rosenthal 1974b; Calvert 1979; Shin and Jackson 1979; Jewell 1982).

employed to do such (e.g. Francis and Baker 1986). The key take away from these normative implications is that, in short, legislative retirement matters.

More practically, legislative turnover influences both the functionality of the institution and the electoral system. As such, over the last two decades, students of legislative elections and institutional change have attempted to examine the various causes and consequences of membership turnover in legislative bodies (e.g. Moore and Hibbing 1992; Kiewiet and Zeng 1993; Groseclose and Krehbiel 1994; Hall and Van Houweling 1995; Moore and Hibbing 1998). These explanations often include a reduction in the policymaking capacity of the legislature as experienced members are replaced with inexperienced freshmen, resulting in a decrease in organizational functioning. New members are assigned to committee posts and merely emulate their precursors, screening out fewer bills, effectively deteriorating the policymaking process (e.g. Rosenthal 1974a; Hamm and Moncrief 1982). Further, as the experienced members leave the legislature, they take with them years of knowledge and expertise required in committee negotiations, influencing the institutional memory of the legislature's procedures and previous decisions, making it a less effective policymaking branch (e.g. Francis and Baker 1986). Membership turnover inevitably results in staff turnover with new members bringing new staff into the process, decreasing policy output and increasing conflict between the chambers (e.g. Cain and Kousser 2004). For the members themselves, with the revolving door that is legislative service in legislatures experiencing high turnover, members have less of a chance develop interpersonal relationships with other members generating little incentive to establish norms of civility between the membership (e.g. Axelrod 1986). This increases uncertainty and makes commitment to policy more difficult (e.g. Persson and Svensson 1989; Alesina and Tabellini

1990). Further, this can result in inefficient fiscal policy and decreased long-term economic growth (Uppal and Glazer 2011).

For the electorate, turnover can be costly as the previously experienced politicians are replaced by an incoming cohort of inexperienced politicians. As there is a significant learning curve associated with serving as a legislator, this has serious implications for both satisfying constituent service demands and the representation of the constituency in the policymaking arena (e.g. Adams and Kenny 1986). Additionally, electoral accountability suffers from frequent turnover as it weakens reelection constraints (e.g. Crain 1977; Krupnikov, Morton, and Shipan 2008), as the responsiveness and accountability of an elected official depends on whether they are motivated to remain in office (e.g. Schumpeter 1950; Schlesinger 1966; Prewitt and Eulau 1969; Griffin 2006).

Yet, while these consequences of turnover highlight the various normative and practical implications, scholars of legislative behavior have devoted significant attention to understanding the initial motivation behind *why* members decide to vacate their office. Overtime, state legislators like their Congressional counterparts have developed an incumbency advantage, signaling an increase in the tendency of the legislators to be reelected at overwhelming rates and garnering significantly larger proportions of the vote in their reelection contests; a trend which even has become particularly obvious in states with less professional legislatures (e.g. Jewell and Breaux 1988). As such, turnover in both Congress (e.g. Hall and Van Houweling 1995; Ornstein, Mann, and Malbin 2000) and the American state legislatures (e.g. Hyneman 1938; Calvert 1979: Breaux and Jewell 1992) results more from voluntary departure. If state legislators enjoy a similar incumbency advantage as their Congressional counterparts, why then do these states experience higher turnover rates, particularly resulting from voluntarily

retirement? The next section addresses the previously examined determinants of voluntary retirement and the role that salary plays in the decision-making calculus.

4.2 The Determinants of Legislative Retirement

Much ink has been spilled in an attempt to understand why a legislator would decide to leave their elected office rather than pursue reelection. An incumbent member may decide to voluntarily retire, pursue reelection to their office, or seek election/appointment to another political office. In considering each alternative, the member evaluates the expected utility of each choice (e.g. Rohde 1979). Members with the same preference ordering of alternatives will differ in the intensity of those preferences, influencing the utility assigned to each outcome. Further, a member seeking reelection or pursing their progressive ambition toward another political office, bears a certain amount of risk associated with each alternative. Although a member may not know specifically what their retirement entails (the challenges faced, employment opportunities, etc), the status of being retired from their current political office is solely at the member's discretion, whereas the other alternatives rely on factors outside of the individual member's control (e.g. Brace 1985). In selecting voluntary retirement, the member can choose this alternative without any inherent cost relative to the costs associated with seeking reelection or another political office which involve the expenditure of time and resources (e.g. Brace 1985).

As such, a member's retirement decision requires a carefully timed and presented rationale (e.g. Frantzich 1978). Members consider their own views concerning the nature of their job, as well as their perceptions of their own and their colleagues' reasons for voluntarily retiring (e.g. Hibbing 1982). Ultimately, a member's career decisions are shaped by a

combination of personal and institutional factors (e.g. Schlesinger 1966; Squire 1988a; Fowler and McClure 1989), and their retirement decisions can thus be broken down into 3 categories: a member's personal and financial reasons (the latter to be discussed in depth below), the political vulnerability of the member, and if the member is suffering from legislative burnout (e.g. Blair and Henry 1981; Theriault 1998).

For many members, personal considerations often necessitate voluntary retirement (e.g. Blair and Henry 1981). The long session hours, extended absences from home, stressful conditions both during the session and the campaign season, and the responsibility to often place the needs of the constituency above family concerns, often makes continued service in a legislature a very family-unfriendly choice (e.g. Blair and Henry 1981; Theriault 1998). These demands often result in familial problems which include unhappy marriages, threatened divorces, guilt about long distances from young children, and concerns over teenagers and their potential problems (e.g. Blair and Henry 1981). As such, a legislator's marital status and if they have children influence the likelihood of voluntary retirement. Similarly related, simply being a female legislator in historically male-dominated institutions makes some legislators less willing to remain in office, particularly since female legislators often do not have the power to sufficiently influence policy areas which they are both responsible for and concerned with (e.g. Lawless and Theriault 2005). These personal considerations thus can compel some legislators to vacate their office and return to their familial responsibilities.

One personal characteristic has received a significant amount of attention in the literature as consistent predictor of legislative retirement; the age of the legislator. A legislator's age is not an automatic determinant of retirement, as both Congress and the American state legislatures are replete with accounts of members serving well into their golden years and often to their death

while in office. However, for some individuals, it may become more difficult to continue serving at the frenzied pace and maintain the high level of service demanded in the modern legislature the older they become (e.g. Frantzich 1978). These factors thus would increase the personal cost of service for the member, decreasing the utility they derive from their service, and ultimately influencing the likelihood of their retirement. Similarly related, the member's age is highly related to a their progressive ambitions, whereby the older a politician is, the less likely they are to express the ambition to advance (e.g. Hain 1974; Fulton, Maestas, Maisel, and Stone 2006).

Two institutional features shape a member's personal considerations for voluntary retirement. A member's integration into the formal power structure of the chamber, including serving in formal leadership positions and exerting institutional influence on the floor and in committee, can influence their retirement decisions. Expanding beyond the assumption that members are single-minded seekers of reelection (e.g. Mayhew 1974), some members are driven by a desire to influence their legislative institution and develop good public policy (e.g. Fenno 1973). Holding positions within the formal power structure provide these members with the means by which they can achieve these goals. Because of the value that members affix to these positions, holding or anticipating that they will hold these positions can entice a member to remain in office (e.g. Hain 1974; Hibbing 1982; Groseclose and Krehbiel 1994; Hall and Van Houweling 1995; Kanthak 2011).

Further, often members will voluntarily leave their elected position for a more desirable political position (e.g. Eulau, Buchanan, Ferguson, and Wahlke 1961; Hain 1974). In doing so, these members either choose to run for another elective office (local, state, or federal), incurring the costs as noted above, or they may be appointed to other positions of public service in the

bureaucracy, judiciary, or local government (e.g. Francis and Baker 1986). When running for another elective office, members may be reluctant to give up their seats and the benefits which come with it, in pursuit of higher office, even for an open seat where they would not face the incumbent office holder (e.g. Fowler and McClure 1989). The expected utility obtained from the new position must outweigh that received from remaining in office and the cost associated with pursing that office.

Yet, personal factors do not solely dominate the decision-making calculus of a legislator. Given that most turnover in Congress (e.g. Hall and Van Houweling 1995; Ornstein, Mann, and Malbin 2000) and the American states (e.g. Hyneman 1938; Calvert 1979; Breaux and Jewell 1992) results from voluntary departure rather than electoral defeat, a member's electoral prospects have been shown to be a significant factor influencing their retirement decisions (e.g. Francis and Baker 1986; Bernstein and Wolak 2002). When faced with negative electoral prospects and adverse political circumstances in their district, in addition to the time and resource costs associated with waging a reelection campaign, members often choose retirement rather than incur these costs. However, as the extant literature has shown, the impact of the electoral factors in a member's retirement decision calculus is often murky as it is confounded by a complexity of factors (e.g. Fenno 1978), yet the vast majority of studies examining legislative retirement include some measure of the legislator's electoral prospects.[88]

Finally, legislators, like any members of other professions, suffer from burnout and at some point need to voluntarily depart from their office. The longer an individual legislator is in the institution, the greater the degree of change in the institution observed and experienced by that member (e.g. Theriault 1998). Over time, changes in the legislative institutions have led to

[88] See Bernstein and Wolak (2002) for a review of these studies.

increased partisanship, increased time and responsibility commitments to the position, and an emphasis on 24/7 fundraising, which together influence the desirability of the job and can cause member retirement (e.g. Frantzich 1978); although some studies have found not found a direct connection (e.g. Cooper and West 1981). In the American states, this institutional change began in the late 1960's through a process of modernization by which these legislatures experienced a certain measure of professionalization (e.g. Pound 1992). Professionalization refers to the process by which legislatures developed attributes more attractive to career-oriented politicians (e.g. Schlesinger 1966; Berkman 1994), and in doing so, increased the salary and benefits for its members, increased the time demands of service including the move from part-time to full-time service, and increased their staff and resources (e.g. Squire 1988a, 1992, 2007). In many states, this process fundamentally changed both the role and requirements of legislative service for the membership.

Taken together, these factors significantly influence a individual legislator's decision-making calculus for whether they should stay or remain in their current elective office. These factors are particularly evident in the American state legislatures, where public service is not the most glamorous nor is it the most lucrative career option available. As such, these institutions must incentivize quality candidates to both run for and remain in public office (e.g. Rosenthal 1974b). The next section examines the role that the member's financial rationale plays in their decision-making calculus.

4.3 The Role of Legislative Pay in the American States

Every year, thousands of individuals across the American states devote their time and energy to the demanding and often thankless job of public service in their state's legislature. Legislators

typically must sacrifice outside employment and private income to run for and hold public office (e.g. Rosenthal 1974b). Further, as state legislative elections are increasingly becoming more competitive (e.g. Salka 2009), the cost to run a campaign for a state legislative seat has increased (e.g. Moncrief 1992). As such, certain incentives are thus necessary to motivate individuals to seek out and remain in public office, as evidenced in **Table 4.1** below:

Table 4.1: Incentives for Holding Public Office

Incentive	**Satisfaction**
Program	Working upon specific, concrete public policies
Status	Attaining and exhibiting prestige
Adulation	Receiving the affection and praise of others
Mission	Committing oneself to a transcendental cause
Obligation	Relieving anxieties of conscience
Conviviality	Pleasing others and being accepted by them
Game	Competing with others in highly structured interactions
Source: Payne 1972, 3	

Additionally, tenure, pensions, merit pay, public official employee benefits, outside income while in office, and the rewards gained after leaving office from having held that post, serve to incentivize public service (e.g. King and Peters 1994). At the most basic level, the salary that an individual receives for holding that office should incentivize that individual to defer other forms of lucrative employment and run for office.

Legislative compensation is the most explicit benefit a member derives from their public service, and as such, prior studies have shown some relationship between the level of

compensation a member is paid and their decision to voluntarily retire (e.g. Brace 1985; Hibbing 1982; Groseclose and Krehbiel 1994; Hall and Van Houweling 1995). However, prior studies have only examined legislative turnover in the aggregate (e.g. Jewell and Breaux 1988; Squire 1988a) or across a subset of the American states (Blair and Henry 1981; Francis and Baker 1986; Stonecash 1993) making generalizations from the results difficult. As noted above, clearly there are a multitude of personal, electoral, and burnout factors which interact with salary in unique and interesting ways only observed at the individual legislator level. As such, this essay provides the first systematic examination of individual legislative retirement behavior across all 50 states, perhaps allowing true insight into the blackbox which is an individual's legislative retirement decision.

While increased legislative compensation incentivizes an individual to initially serve, it further should compel those individuals to remain in their position. As discussed above, members voluntarily leave their office for a variety of reasons including career ambitions for other offices, opportunity costs (including occupational and familial), dissatisfaction with the legislature, and health or age (e.g. Francis and Baker 1986). Mayhew suggests that it is difficult to get members to do "grueling and unrewarding legislative work" (1974, 141). Every legislator thus performs an implicit cost-vs-benefit analysis for whether they should stay or should they go. A member will continue to serve in their elective office until the costs outweigh the benefits of seeking reelection. Beyond the costs of time and resources to run for reelection, all members of a legislature must pay an opportunity cost to engage in public service. These costs are the benefits (e.g. the salary they would receive had they remained in their prior profession) they

must forego because they choose to serve in the legislature.[89] These costs differ between states as well as individuals, because many legislators are able to maintain private occupations which generate income and other benefits.

Salary increases however tend to encourage quality legislators to remain in office (e.g. Opheim 1991). Seats in professional legislatures afford the individual members greater power and thus are highly prized (e.g. Hogan 2004), encouraging the retention of that office. When compensation is high enough (and if elections permit), members are more likely to remain in office, however when compensation is low (and even if elections pose little threat) members are more likely to relinquish their legislative careers and return to more remunerative pursuits (Rosenthal 1974b, 616). This, at least in the aggregate, is evidenced where states with higher levels of legislative compensation typically have lower turnover rates than states with lower compensation (e.g. Oxendale 1979).

Historically, most state governments were dominated by the executive branch, as the legislatures in these states were amateur in comparison, and were ill-equipped to compete with their executive counterparts in public policymaking and budget enactment, much less even capable of meeting the ever growing demands place upon them by their constituents. Beginning in the late 1960's, the American state legislatures underwent a dramatic metamorphosis, and through a series of reforms, increased their capacity to perform the tasks of policymaking, oversight, and constituent service in an attempt to professionalize (e.g. Mooney 1995). Yet, as these state legislatures professionalized, greater demands were placed on the membership which required higher levels of competence and performance vis-à-vis a quality membership (e.g.

[89] Service in the legislature additionally takes away from the benefits accumulated from time with their families, as well as leisure, and personal satisfaction enjoyed in the home or family environment (e.g Francis and Baker 1986).

Cloner and Gable 1959; Rosenthal 1982). Legislators in more professionalized legislatures have to spend more time on the job, while both in and out of session (e.g. Rosenthal 1996). As such the cost-benefit structure for holding state public office dramatically changed in many states. The incentive structure for a legislator is different in a part-time, low-pay, low-staff legislature compared to the incentive structure in a highly professionalized legislature (e.g. Maddox 2004).

However, legislative compensation over time has declined when adjusted for inflation (e.g. Chi 2007). Even in states where legislative pay has increased, it has failed to keep pace with the wages of other jobs (e.g. Penchoff 2007). Ultimately, this restricts who can serve as it imposes a selection criterion given that many potential candidates are not in a position to devote the time that being a legislator usually requires or to accept the financial consequences of service (e.g. Squire, Moncrief, and Jewell 2001; Shuler 2008). Further, in states were legislative service is not a full-time occupation (amateur and hybrid legislatures), the salary members are compensated for their service is hardly a perfect substitute for the income they receive for their normal employment. Together, this potentially results in a class bias within the membership (e.g. Carnes 2013, 2014), whereby only those with high occupational status (e.g. greater personal wealth or access to other sources of income) typically have a chance of legislative membership (e.g. Dye 1981; Jewell and Patterson 1986; Keefe and Ogul 1989). In considering then the impact that legislative salary has on the membership, it should have less of an influence on those legislators who are either independently wealthy or employed in a lucrative primary profession.

As such, this makes attracting and retaining good candidates more difficult when legislative pay is lower when compared to other jobs and professions in the state (e.g. Kelderman 2007). While legislative salary is important to the membership for the reasons addressed above, this difference between the compensation and the other wages in the state, too serves an

important purpose for the membership. This difference represents the tangible draw of outside employment for the membership, and in these higher compensation states (higher legislative pay relative to a lower median household income), the position of state legislator is considered sufficiently attractive to provide career incentives whereby an individual could support a family on the income from the position alone, while in lower compensation states (lower legislative pay relative to a higher median household income) this was not possible (Chubb 1988).

Within the extant literature, consideration of legislative pay relative in some respect to other state wages, most often operationalized as the state's median household(family) income, has been well established. Chubb's (1988) measure of legislative compensation is used with the state median family income to distinguish states that offered legislative compensation at least equal to the median family income from those states which did not offer a comparable wage. Similarly, Weber, Tucker, and Brace (1991), Van Dunk (1997), and Sanbonmatsu (2002) use compensation as a percentage of the state's median household income. Practically, several states consider the compensation their members receive relative to the state's median household income, with several states tying their legislature's compensation (and subsequent decreases/increases) to indexes adjusted by the median household income for the state, and several others are beginning to consider similar proposals.[90] Ultimately, legislative compensation and how it compares to other state wages are important considerations which affect the calculus of potential candidates and incumbents in deciding whether to run for the legislature (Kurtz, Moncrief, Niemi, and Powell 2006).

[90] Massachusetts passed a Constitutional amendment in 1998 tying the base pay of legislators to changes in the median household income. Alabama recently passed an amendment to its Constitution in 2012 setting the base pay of legislators to the median household income for the state. Several other states have considered similar plans, including New York and Oregon.

Despite the fact that these legislatures desire to raise the level of legislative compensation provided in order attract and retain quality members, and that most legislatures possess the capacity to actually raise the salary of the membership, this may be easier said than done. Returning to the framework by which legislators are single-minded seekers of reelection (e.g. Mayhew 1974), they are heavily motivated by the desire to avoid blame for unpopular actions (e.g. Weaver 1986; Melusky 2014). Given that legislative pay raises are highly salient and very unpopular with voters (e.g. Bianco, Spence, and Wilkerson 1996; Clark 1996; Theriault 2005), these risk averse legislators are more likely to vote against a pay increase or for the repeal of one that was passed, leading to legislative salaries failing overtime to keep pace with the average wage of other jobs in the state.

Given the discussion above, while legislative compensation and its relative level to that of other state wages may not be sole factor motivating citizens to seek out or remain in public office, these purely financial concerns are meaningful to legislators (e.g. Barro 1973; Stonecash 1993). In New York state, where legislative pay has not increased since 1999, a former Assembly Speaker was quoted as saying when asked about a pay raise for the members, that he is "proud to say [he] support[ed] it" and that "there are many legislators who work very hard, work extremely long hours, and it's not just the days of session in Albany" (*The New York Times* 2008). A fellow New York Assemblyman stated that "your job takes over your life. You're a public servant and you work to help people, and the pay is just ridiculous. Not to have a respectable pay, if you compare salaries to people in other fields, you find the legislators are way behind" (*The New York Times* 2008). A sentiment echoed by a New York Senator who said that "I sit down at the kitchen table like everyone else and I wonder how I'm going to pay for the oil and gas and for college" (*The New York Times* 2008). Legislators have been "grumbling" both

publicly and privately that the pay has not kept up with the high living costs and that many legislators are compelled to take other outside jobs to supplement their income (Precious 2010).

These quotes from members of the New York legislature, as well as the motivating anecdote above, highlight an important implication of legislative salary. Failing to compensate members with pay which is proportionate to the demands of their position, as well as comparable to pay they could receive outside the legislature, is fraught with two inherent problems. First, if members are unsatisfied with their pay, they may engage in more nefarious and ethically grey means of supplementing their income. In doing so, members can take side jobs which can lead to ethical complications (e.g. Billups 2010), become entangle with special interests (e.g. Pitzl 2008), or become mired in corruption and scandal (e.g. Welch and Peters 1977; Meier and Holbrook 1992; Alt and Lassen 2003). Second, as addressed above, while the demands of office make it difficult to hold full-time outside employment (e.g. Pitzl 2008) and thus may limit service to only the wealthiest (e.g. Shuler 2008), it could also impose a selection effect on the quality of the individuals actually serving in the legislature. If highly qualified individuals can obtain more lucrative employment outside of the legislature, the intangible incentives found in **Table 4.1** above may be insufficient to retain these members, especially when they are faced with the economic costs of service in the legislature (e.g. Squire, Moncrief, and Jewell 2001; *The New York Times* 2008). Thus, even in the most professional, high paying legislatures, some individuals may only be serving because they are not capable of obtaining better compensation in the private sector.[91]

[91] While this implication concerning the potential selection effect imposed by legislative salary is important to note, it however is an empirical question beyond the scope of this examination, though warranting future examination.

Some individuals may also be serving because of the potential to translate present economic hardship into future a future economic windfall (e.g. a willingness to accept a low salary in the present for a higher salary in the future). It is well established that state legislators harbor progressive ambition for higher political office and this can influence their behavior while in office (Maestas 2000, 2003; Maestas, Fulton, Maisel, and Stone 2006). Yet, beyond seeking higher political office, legislators can parlay the policy expertise and professional network connections developed during their time in office into future employment either in the private sector or more often, into lobbying their former colleagues on behalf of a well-financed interest. However, at least 33 states have "revolving door" laws in place, which mandate a "cooling-off period" before the legislator is able to serve as a legislative agent (lobbyist) (National Conference of State Legislatures 2015). While this can slow their transition into lucrative employment post public service, the stringency of these laws are not sufficiently burdensome as to prohibit a member from engaging in this practice, given that no law currently in effect mandates a "cool-off period" of greater than two years (with most being restricted to one calendar year after leaving office).

Clearly individual legislators weigh the costs and benefits of remaining in public office. Often lost in the fervor of debates concerning increasing legislative compensation is that most state legislators are faced with many of the same economic constraints as their constituents (reinforcing the importance of legislative compensation compared to other state wages). These legislators must weigh the pay they *do* receive while in office against what they *could* receive from employment outside of the legislature (their opportunity cost). Typically, when legislators voluntarily leave public service and return to the private sector, they tend to have successful careers (e.g. Mattozi and Merlo 2008). In doing so, each member generates a self-contemplated

wage differential which serves as the reservation wage (e.g. Gordon and Blinder 1980; Gustman and Steinmeir 1983; Dorn 2005) for individual legislators in their decision to remain in their elected position or to voluntarily retire.[92,93] While they are dependent on the electoral resources to remain in office, they are more dependent on the economic resources which dictate whether they decide to even pursue these electoral resources via reelection. As such, the economic circumstances facing the membership of a state legislature should affect their individual decision to voluntarily retire or remain in the legislature, and thus many quality legislators have to forego their reelection desires and return to more lucrative previous employment to make ends meet. As such, the following set of empirically testable hypotheses concerning state legislative voluntary retirement and alternative exit options, and the compensation provided to members of each state's legislature, are thus expected:[94]

H1: State legislators who are paid a higher salary are less likely to voluntarily retire than to remain in their current office in any given year.

[92] Initial attempts to examine legislative compensation focused on directly measuring the pay a member could reasonably expect to earn should they voluntarily retire and return to their previous profession. However due to data limitations concerning wages for classifications of jobs reported by the states and the occupations reported by the legislators, this wage differential cannot be directly observed. Prior professions of state legislators are problematic because members often report their professions as generic business categories (which fail to reflect the actual nature of their position for classification purposes) or often self report that their profession is a legislator (e.g. Squire and Moncrief 2010). This prior attempt further is inherently problematic, as it 1) assumes that the member will return to that prior employment, and 2) given that the experience, policy expertise, and networking connections accumulated by the individual legislators can be parlayed into more lucrative employment after office, these future opportunities may not be certain at the time of retirement.

[93] It is nearly impossible to determine with any certainty if an individual voluntarily leaving the legislature returned to the non-electoral workforce or if they simply retired to draw upon the lucrative benefits some states offer for having served in their legislature. As such, supplemental analysis includes a crude indicator for if the individual was older than or equal to the minimum age required to draw upon the state's retirement benefits. The various state age requirements were taken from *The Book of the States* (various year): *Table "State Legislative Retirement Benefits*." The main analysis found below was reestimated with the inclusion of this indicator, the results of which are found in **Table C.1** in **Appendix C**. Similarly, to account for differences in retirement benefits between states (with better retirement benefits typically present in states with high legislative compensation), this indicator is additionally interacted with the main covariates of interest, the results of which are found in **Table C.2** in **Appendix C**.

[94] A legislator's decision to Remain in Office (Status Quo) serves as the baseline category for comparison in the analysis below.

H1a: State legislators who are paid a higher salary are less likely to be defeated in their reelection attempt than to remain in their current office in any given year.

H1b: State legislators who are paid a higher salary are less likely to seek other political offices than to remain in their current office in any given year.

H1c: State legislators who are paid a higher salary are less likely to seek other employment in the private sector than to remain in their current office in any given year.

Because of the era of professionalization that the American states experienced, state legislators enjoy an incumbency advantage which allows them to return to office at rate similar to their Congressional counterparts (e.g. Carey, Niemi, and Powell 2000; Ansolabehere and Snyder 2002). Yet, states with higher levels of legislative compensation typically have lower turnover rates than states with lower compensation (Oxendale 1979; Thompson and Moncrief 1992). The above hypotheses are thus expected given that legislators in states which provide higher levels of compensation to the membership should be more likely to remain in office rather than pursue other exit alternatives. It should be noted that legislators in both high and low compensation states, because of professionalization, more often choose to remain in office rather than choosing any of these options (evidenced by the low turnover rates across the American states). Thus the comparison of interest across exit alternatives centers on those how those legislators which are well paid for their time and service (higher legislative salary) differ from those legislators which are not afforded adequate compensation (lower legislative salary).

The above hypotheses examine the effect of legislative compensation, the explicit benefit a member receives for their service, upon the individual exit decisions of state legislators. Yet, as addressed above, legislative pay does not exist in a vacuum and legislators need a reference point by which to generate a self-contemplated wage differential. While an individual legislator's expectation of pay from their previous profession cannot be directly observed, their current pay relative to the rest of the state (e.g. their constituency) however is known. The consideration of

if the position of state legislator is considered sufficiently attractive to provide career incentives whereby an individual could support a family on the income from the position alone thus generates a similar set of empirically testable hypotheses concerning state legislative exit options:

> **H2: State legislators in states where legislative salary is higher relative to their state's median household income are less likely to voluntarily retire than to remain in their current office in any given year.**
>
> **H2a: State legislators in states where legislative salary is higher relative to their state's median household income are less likely to be defeated in their reelection attempt than to remain in their current office in any given year.**
>
> **H2b: State legislators in states where legislative salary is higher relative to their state's median household income are less likely to leave office in pursuit of another political office than to remain in their current office in any given year.**
>
> **H2c: State legislators in states where legislative salary is higher relative to their state's median household income are less likely to seek other employment in the private sector than to remain in their current office in any given year.**

While legislators are in general more likely to remain in office rather than pursue any exit alternative, the above hypotheses are expected given the role of the self-contemplated wage differential in their decision-making calculus. This tangible comparison between what the legislator is being paid for their service and the financial health of the rest of their state serves to enhance the attractiveness of remaining in their current position, making it more likely that they remain in office compared to choosing any of the exit alternatives.

The next section thus addresses the data, variables, and methodology employed to examine the role that legislative compensation serves in the individual cost-benefit analysis in deciding whether to stay or retire from legislative service. Similar to prior to studies, this essay too makes the assumption for the sake of analytical simplicity that there exists an inverse relationship between the likelihood of remaining in service and the costs of incurred from

remaining in office (e.g. Brace 1985). As such, the factors addressed below are narrowed to those which were previously examined and found the influence a state legislator's expected utility of continued legislative service.

4.4 Data and Methods

To examine why individual American state legislators decide whether to remain in their elected position or voluntarily retire, this analysis considers the individual retirement decision of all American state legislators from 2000 to 2010.[95] The data include 81,783 total legislator by year observations[96] with, on average, legislators serving 4.24 years in the dataset (Min= 1, Max = 11).[97] However, state legislators (or legislators more generally) jointly consider multiple career decisions in any given year (e.g. Kiewiet and Zeng 1993; Kanthak 2011). Examining each alternative separately "artificially truncates" (Kiewiet and Zeng 1993: 928) the actual alternatives which each member is simultaneously considering.[98] As such, a competing risks model, in particular a

[95] Ideally, the analysis would include all retirement decisions since 1968, the point at which the American state legislatures underwent the process of professionalization. However, due to time and more importantly data limitations concerning the individual reasons for vacating the legislature, the time period of 2000-2010 was chosen. Future analysis shall attempt to extend this time period further back so to allow for meaningful variation in both state and national political and economic conditions.

[96] 230 (0.28%) observations were individuals who died while in office. Because "death" typically is unforeseen (and death that is foreseen usually results in early retirement due to illness/health concerns, as addressed below), the legislators exit is considered out of their control. As such, because the outcome death is unable to serve as a competing alternative, these cases are excluded from the analysis.

[97] With the exception of Virginia, state legislators are compensated at the same level, regardless if they are a member of the upper or lower chamber. Given the theoretical argument of this essay considering the role that salary plays in a members decision to stay or go, movement between chambers is not considered an exit but rather a continuation of service, provided that service is contiguous. However, there were 288 (0.35%) observations where the legislator unsuccessfully ran for either the upper or lower chamber, while in service in the alternative chamber. Given this understanding of how movement between chambers is viewed (with the exception of Virginia) these observations were coded as having lost their reelection bid.

[98] Separate probit regression models were estimated to examine each exit choice individually. The results from these models are included for reference in the **Table C.3** of **Appendix C**. The results from these individual models are similar to the main analysis below, though these regression estimates lack the precision of the multinomial probit model which simultaneously examines each exit outcome compared to a baseline category.

multinomial probit model, is employed to examine the factors which the influence state legislative retirement decisions.[99]

The dependent variable is the outcome observed for each state legislator in a given year.[100] There are five outcomes available: 1) *Status Quo* (N= 72,742, 88.94%): this outcome captures whether the state legislator remains in their elected position, 2) *Retire* (N=4,630, 5.66%): this outcome captures whether the legislator foregoes the other outcome alternatives and returns to private citizenship,[101] 3) *Lost Reelection* (N=2,869, 3.51%): this outcome captures whether the legislator sought reelection to their political office but vacated their seat because the lost their reelection bid,[102] 4) *Seek Other Political Office* (N=1,384, 1.69%): this outcome captures whether the state legislator vacated their office to run for another elective office or if they were appointed to another political position, and 5) *Other Employment* (N=158, 0.19%): this outcome captures whether the legislator vacated their seat either through retirement or resignation to take a private sector job or to return to private employment.

To examine the determinants of individual legislative retirement decisions, the following variables shall be considered.[103] As discussed above, legislative pay is an important variable in explaining membership stability (e.g. Squire 1988a), and increasing legislative salary increases

[99] See Kanthak (2011) for a discussion concerning several methods for estimating competing risks models when examining legislative retirement, including the benefits and shortcomings of each method.
[100] Data for this variable was taken from Scammon and McGillivray's America Votes (various years), as well as was collected from a variety of sources including the state Secretary of State Office websites, legislative clerks, state legislative historians in each state, and LexisNexis searches.
[101] 69 (0.08%) observations were individuals who initially sought reelection but withdrew before either the primary or general election for personal or non-disclosed reasons. These individuals are coded as having retired.
[102] If a politician expects to lose in their next election contest, they may strategically vacate their position prior to the election contest or choose not to run in this contest (e.g. Jacobson and Kernell 1983; Cox and Katz 2002). Strategic retirements however are difficult to differentiate from voluntary retirements, especially at the state level given the variation in saliency of these election contests. As such, this analysis makes use of the standard approach of including the incumbent's prior electoral vote share (see the variable, **Electoral Expectations**, as described below) to account for how their electoral prospects influence their choice of exit alternative.
[103] See **Table C.4** in **Appendix C** for the descriptive statistics associated with the following variables.

the probability of running (e.g. Fisman, Harmon, Kamenica, Munk 2012). Thus, the key variables of interest for this essay involve the salary state legislators are compensated for their service in office. **Real Legislative Salary** is a measure of the real legislative salary provided to the legislator in the given year for their service.[104] To examine how a legislator's pay compares to the rest of the states wages, the variable **Pay Difference** is measured as the difference between the **Real Median Household Income** [105] in each legislator's state and their **Real Legislative Salary**.[106] Increased positive values reflect larger real legislative compensation compared to smaller median household wages.[107]

I include as controls the most common factors influencing legislative retirement grounded in the previous scholarly literature. Positions of power within the legislature held by the individual member, which increase the prestige or intrinsic value that a member places on their seat, should decrease the likelihood that a member will voluntarily retire. These positions include **Party Leadership Positions**[108] and **Committee Chairmanships**.[109] The Party Leadership Positions variable is a dichotomous variable measured 1 if the member holds a party

[104] Data for this variable was taken from Krause and Douglas (2012) which was originally taken from the Book of the States (various years), and values are presented in real dollars (2005 = base year).
[105] Median household income by state data were taken from the U.S. Census Bureau http://www.census.gov/hhes/www/income/data/statemedian/index.html.
[106] These values are presented in real dollars (2005 = base year).
[107] It should be noted that these two key independent variables are measured at the state level because individual level values for the salary a member could reasonably expect to earn from their prior employment are impossible to obtain as addressed above. As such, these variables reflect very little within state variation yet more between state variation. While individual level factors would be ideal for an analysis which utilizes individual level retirement decisions, this analysis represent a first step in attempting to understand how legislative compensation influences the choice of exit options.
[108] While party leadership positions vary by state, all states possess a chamber leader and majority/minority party leaders. For purposes of this analysis, party leadership positions are limited to the equivalent positions in each state. These data are taken from the various state legislative websites, publications, and web searches.
[109] Chairmanships are for standing committees only. Interim, special, and select committees are excluded given the temporary nature of these committees. When considering the benefits a member receives from service on these committees in relation to the likelihood of remaining in their elected position, these benefits are temporary and often cease to remain at the start of the next legislative session. These data are taken from the various state legislative websites, state publications, and web searches.

leadership position and 0 otherwise.[110] The Committee Chairmanships variable is a dichotomous variable measured 1 if the member holds a committee chairmanship or vice-chairmanship position and 0 otherwise. Data for these variables were obtained from legislative clerks and state legislative historians in each state. Further, given the prestige associated with being a member of the upper chamber, this status should decrease the likelihood that a member will voluntarily retire. The dichotomous variable **Member of Upper Chamber** is coded 1 if the legislator is a member of the state's upper chamber and 0 otherwise.[111]

Given that state legislative elections are increasingly becoming more competitive (e.g. Salka 2009), and the cost to run a campaign for a state legislative seat has increased (Moncrief 1992), a legislator's **Electoral Expectations** can influence their retirement decisions. Legislators who won their last general election with a greater percentage of the total vote are seen as holding a less competitive seat and thus may expect a less difficult reelection campaign. This variable is measured as the percentage of the total vote the legislator garnered in the previous general election.[112,113]

[110] In many states, members receive additional compensation for serving in party and committee leadership positions. See tables "Additional Compensation for Senate Leaders" and "Additional Compensation for House/Assembly Leaders" in the *Book of the States* (various years) for specific values. These variables, thus capture the variation in the value attached to party and committee leadership positions which exists both within and between states.

[111] Legislators (Senators) from Nebraska's unicameral legislature are coded as being members of the state's upper chamber.

[112] Congressional studies of legislative retirement often include a measure of the incumbent legislator's electoral margin of victory of the 2nd highest grossing candidate. Others include a dichotomous variable for if the incumbent received an electoral share of 60% or more of the total vote (e.g Jewell 1982; Weber, Tucker, and Brace 1991). However, across the American states, variation exists in electoral rules which confounds the ability to include similar prior measures. In particular, in many states which employ multimember districts, the margins of victory over other candidates are not possible and in many elections a 60 percent threshold would inaccurately code many winning candidates as being electorally vulnerable. Data for this variable was taken from Klarner, Carl, William Berry, Thomas Carsey, Malcolm Jewell, Richard Niemi, Lynda Powell, and James Snyder. State Legislative Election Returns (1967-2010). ICPSR34297-v1. Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 2013-01-11. doi:10.3886/ICPSR34297.v1.

As addressed above, family is an important factor explaining state legislative turnover (e.g. Blair and Henry 1981). **Married** is a dichotomous variable measured 1 if the member is married, and 0 otherwise.[114] **Children** is a measure for whether the legislator has children for which their time away from them due to their legislative commitment, could cause a strain. This dichotomous variable is measured 1 if the member has children and 0 otherwise. Data for this variable was obtained from Project Vote Smart. **Female** is a dichotomous variable measured 1 if the member is a woman, and 0 if the member is a male.[115]

Additionally, the **Age**[116] of a members can influence the retirement decisions of state legislators (e.g. Francis and Baker 1986). Further, the rate of progressive political ambition declines as age increases (e.g. Hain 1974; Fulton, Maestas, Maisel, and Stone 2006). Since, time variables often do not have simple linear relationships, $\mathbf{Age^2}$ is included.[117]

As the previous literature has shown, differences exist between the incentives and cost structure, as well as in the individual behavior associated with being a state legislator in

[113] In many states, vacancies in office are filled through political appointments. The **Electoral Expectations** of these "appointed" observations are coded as 0% given that other arbitrary values misrepresent these observations (N=1018, 1.24%). A score of 100% would inaccurately assume that these observations are very secure in their electoral expectations, which is inconsistent and often incorrect given that many members who were initially appointed lose their reelection bids. Attempts to include a dummy variable for these observations results in the models being unable to converge. Further, an interaction between the **Electoral Expectations** and the dummy variable for Appointment is not possible due to collinearity.

[114] Civil unions and same-sex partners are coded as being married. Divorced and separated are coded as not being married.

[115] Data for these biographical variables was obtained from Project Vote Smart candidate biographies at http://votesmart.org/.

[116] Data from this biographical variable was obtained from Project Vote Smart candidate biographies at http://votesmart.org/, Our Campaigns candidate biographies at http://www.ourcampaigns.com/, and various web searches.

[117] Several other personal variables could be included but their inclusion in the analysis results in a failure of the models to converge. *Scandals*: members who vacated office due to their involvement in a political scandal are coded has having retired (N=161, 0.20%); *Term-Limits*: members who were term limited are coded as having retired, albeit it being a involuntary decision (N= 1584, 1.94%); and *Illness/Health*: members who vacated their office due to health concerns are coded as having retired (N=75, 0.09%). The results from the main analysis are robust across specifications which omit these cases, and while analysis performed only on these cases would reveal if individuals experiencing these factors were significantly different from the main sample, the sample size of these cases prevents further examination.

amateur(citizen) legislatures compared to professional legislatures (e.g. Squire, Moncrief, and Jewell 2010). Further, since it is difficult to get members to do "grueling and unrewarding legislative work" (Mayhew 1974, 141), a member's satisfaction with their legislative body can influence their retirement decision (e.g. Francis and Baker 1986), with legislators who serve in more professionalized legislatures being more satisfied with their work than their counterparts in amateur legislative bodies because of the greater resources at their disposal (Opheim 1990). To capture these additional effects of serving in legislatures with varying degrees of professionalization, a series of binary variables are included. The National Conference of State Legislatures developed a categorization of the 50 American state legislatures which considers the amount of time spent on the job, the amount they are compensated for their service, and the size of the legislature's staff. States are grouped into 5 categories (Green, Green Lite, Gray, Gold Lite, and Gold), derived from 3 major categories: Green Legislatures (full-time, well-paid, large staff), Gray Legislatures (hybrid), and Gold Legislatures (part-time, low pay, small staff).[118] As such, the dichotomous variables **Green Lite**, **Gray**, **Gold Lite**, and **Gold** are included.[119]

Finally, to examine the potential for the burnout a member may experience the longer they are in office, I include a measure of time spent in their current legislative position. **Years in Office** is a count variable for the number of years the member has served.

[118] Previous iterations of the NCSL rankings used Red, White, and Blue as color codes. Members of Green Legislatures on average spend 82% of their time on the job, are paid $81,079, and have a total staff of 1340 persons; Members of Gray Legislatures on average spend 70% of their time on the job, are paid $43,429, and have a total staff of 479 persons; and Members of Gold Legislatures on average spend 54% of their time on the job, are paid $19,197, and have a total staff of 169 persons. Classifications and coding are taken from http://www.ncsl.org/research/about-state-legislatures/full-and-part-time-legislatures.aspx.

[119] Given the salary component in all measures of professionalization, the dummy variable for Green Legislatures correlates with **Real Legislative Salary** and **Pay Difference** at 0.67 and 0.66 respectively. As such, Green Legislatures serve as the omitted category in the statistical analysis below. The remaining included categories correlate with these salary indicators from: -0.12 to 0.46 (Real Legislative Salary) and -0.43 to 0.45 (Pay Difference).

The next section considers the results from the statistical analysis in which a member's decision to stay or vacate their office is influenced by legislative salary.

4.5 Statistical Findings

The results of the data analysis examining an individual state legislator's decision to remain or vacate their position in a given year appears below in **Table 4.2**:

Table 4.2: Multinomial Probit With Status Quo as the Omitted Category (2000–2010)

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.008*** (0.001)	–	0.007*** (0.001)	–0.004*** (0.001)	–	–0.007*** (0.001)
Pay Difference (thou)	–	0.005*** (0.001)	–	–	–0.012*** (0.001)	–
Real Median Household Income (thou)	–	–	0.003** (0.001)	–	–	0.016*** (0.001)
Personal Factors						
Party Leadership	0.187*** (0.048)	0.194*** (0.048)	0.188*** (0.048)	–0.295*** (0.080)	–0.285*** (0.080)	–0.297*** (0.080)
Committee Leadership	–0.040* (0.023)	–0.042* (0.023)	–0.037^{+} (0.023)	–0.081*** (0.027)	–0.063** (0.028)	–0.065** (0.027)
Member of Upper Chamber	–0.090*** (0.025)	–0.089*** (0.025)	–0.088*** (0.025)	–0.197*** (0.031)	–0.190*** (0.031)	–0.191*** (0.031)
Married	0.189*** (0.033)	0.184*** (0.033)	0.192*** (0.033)	–0.094** (0.037)	–0.082** (0.037)	–0.075** (0.037)
Female	0.018 (0.027)	0.030 (0.027)	0.014 (0.027)	–0.002 (0.031)	–0.012 (0.031)	–0.025 (0.031)
Children	–0.302*** (0.027)	–0.298*** (0.027)	–0.305*** (0.027)	–0.096*** (0.034)	–0.105*** (0.034)	–0.113*** (0.034)
Age	–0.037*** (0.007)	–0.038*** (0.007)	–0.037*** (0.007)	–0.001 (0.008)	0.0005 (0.008)	0.001 (0.008)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0001^{+} (0.0001)	0.0001^{+} (0.0001)	0.0001^{+} (0.0001)
Green–Lite	0.650*** (0.057)	0.566*** (0.056)	0.629*** (0.057)	–0.003 (0.074)	–0.271*** (0.074)	–0.121^{+} (0.075)
Gray	0.579*** (0.072)	0.398*** (0.069)	0.545*** (0.073)	–0.015 (0.089)	–0.479*** (0.085)	–0.188** (0.090)
Gold–Lite	0.637*** (0.085)	0.398*** (0.078)	0.609*** (0.086)	0.015 (0.104)	–0.493*** (0.095)	–0.118 (0.105)
Gold	1.119*** (0.095)	0.875*** (0.091)	1.071*** (0.096)	0.013 (0.116)	–0.649*** (0.113)	–0.246** (0.119)
Electoral Factors						
Electoral Expectations	–0.001** (0.0005)	–0.002*** (0.0004)	–0.001* (0.0005)	–0.009*** (0.0005)	–0.008*** (0.0005)	–0.008*** (0.0005)
Burnout Factors						
Years in Position	0.024*** (0.002)	0.024*** (0.002)	0.024*** (0.002)	–0.002 (0.002)	–0.004* (0.002)	–0.004* (0.002)
Constant	–2.538*** (0.214)	–2.000*** (0.198)	–2.628*** (0.220)	–1.870*** (0.254)	–1.846*** (0.234)	–2.487*** (0.260)
N = 71,249						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						

Table 4.2 Continued						
Real Legislative Salary (thou)	0.003** (0.001)	–	2.83E–07 (0.001)	–0.0003 (0.003)	–	–0.003 (0.003)
Pay Difference (thou)	–	–0.005*** (0.001)	–	–	–0.005^{+} (0.003)	–
Real Median Household Income (thou)	–	–	0.014*** (0.002)	–	–	0.012*** (0.003)
Personal Factors						
Party Leadership	0.088^{+} (0.064)	0.1018^{+} (0.064)	0.089^{+} (0.064)	–0.208 (0.173)	–0.203 (0.173)	–0.209 (0.173)
Committee Leadership	–0.089*** (0.032)	–0.080** (0.032)	–0.076** (0.032)	–0.109^{+} (0.072)	–0.103^{+} (0.072)	–0.099^{+} (0.073)
Member of Upper Chamber	0.263*** (0.034)	0.267*** (0.034)	0.268*** (0.034)	0.133* (0.077)	0.136* (0.077)	0.138* (0.077)
Married	0.148*** (0.050)	0.153*** (0.050)	0.166*** (0.050)	0.076 (0.106)	0.080 (0.106)	0.093 (0.107)
Female	–0.005 (0.040)	–0.004 (0.041)	–0.025 (0.041)	–0.075 (0.097)	–0.077 (0.097)	–0.093 (0.097)
Children	–0.062^{+} (0.040)	–0.067* (0.040)	–0.078* (0.041)	–0.129^{+} (0.086)	–0.132^{+} (0.086)	–0.142^{+} (0.087)
Age	0.055*** (0.012)	0.055*** (0.012)	0.056*** (0.012)	0.029 (0.027)	0.029 (0.027)	0.030 (0.027)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0005** (0.0003)	–0.0005** (0.0003)	–0.0005** (0.0003)
Green–Lite	0.294*** (0.077)	0.043 (0.079)	0.174** (0.079)	0.096 (0.169)	–0.040 (0.173)	–0.014 (0.173)
Gray	0.263*** (0.098)	–0.199** (0.097)	0.077 (0.100)	0.038 (0.215)	–0.208 (0.213)	–0.128 (0.220)
Gold–Lite	0.300*** (0.116)	–0.238** (0.109)	0.139 (0.117)	–0.080 (0.256)	–0.359^{+} (0.244)	–0.226 (0.261)
Gold	0.273** (0.132)	–0.353*** (0.132)	0.007 (0.136)	0.246 (0.282)	–0.094 (0.284)	0.005 (0.292)
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–0.00001 (0.0001)	0.000006 (0.0001)	–1.83E–06 (0.0001)
Burnout Factors						
Years in Position	0.030*** (0.003)	0.029*** (0.003)	0.029*** (0.003)	0.035*** (0.006)	0.034*** (0.006)	0.034*** (0.006)
Constant	–4.276*** (0.334)	–3.840*** (0.318)	–4.726*** (0.339)	–4.050*** (0.710)	–3.920*** (0.671)	–4.432*** (0.718)
N = 71,249						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

The omitted outcome is "Status Quo," where there is no change and the legislator remains in their political office. The coefficients reported are interpreted as the difference from this "no change" outcome. The "A models" (1-4 A) represent regression results with the inclusion of only the variable for **Real Legislative Salary**, the "B models" (1-4 B) with the inclusion of only the variable for the **Pay Difference**, and the "C models" (1-4 C) include the components of the **Pay Difference** variable: **Real Legislative Salary** and **Real Median Household Income**.[120]

Contrary to expectations, state legislators who voluntarily retire from their political office receive more compensation for their service than do those who remain in office (the "Status Quo" baseline category in the regression analysis). This effect varies across the other outcomes, with those legislators who choose to remain in the legislature being paid more in cases of electoral defeat (significantly so) and retiring to seek other private employment, but more in cases of retiring to seek/take other political office.

In cases of electoral defeat, the results are intuitive given the state politics literature which shows that the characteristics of the state legislature serve to attract members with similar career ambitions, with more professional legislatures placing greater valuation on their legislative seat and attracting more career oriented, long-term politicians compared to their amateur counterparts in less professional legislatures (e.g. Squire 1988a; Berkman 1994; Maestas 2003). Higher legislative salary can increase the valuation attached to a seat and can mitigate the

[120] It should be noted that due to the construction of the **Pay Difference** indicator, both it and the **Real Legislative Salary** indicator are very highly correlated. Yet, because the data for these variables only varies by state (and with little change over time), the correlation is picking up non-changing values which overestimates the correlation, biasing it from 0 toward +1. Yet while a portion of the unexplained variance is mutually exclusive to each indicator, including both indicators in the same model results in a difficult interpretation of the **Pay Difference** variable, given that its construction is linked to the **Real Legislative Salary** indicator. Because of this, the "C" models include both the **Real Legislative Salary** and **Real Median Household Income** indicators, the constituent elements of the **Pay Difference** indicator, to observe how each component influences a state legislator's exit option choice.

dampening effect upon quality challenger emergence (e.g. Hogan 2001). Similarly, for legislators seeking/taking other political office, legislators from more professional legislatures harbor greater progressive ambition than their less professional counterparts (e.g. Maestas 2003). These results are mirrored in results for the additional control variables for state legislative professionalism, in particular those for professional and hybrid legislatures (**Green-Lite** and **Gray**).

Yet, in cases of retirement compared to remaining in the legislature, the results are less telling. Given the difficulty in substantively understanding multinomial probit coefficients, **Figure 4.2** below is constructed from the prior regression as reported in **Table 4.2**, and depicts the implied effects of legislative salary (from its minimum observed value to its maximum observed value, with all other variables held at their mean values) on the predicted probability of the various alternative outcomes:

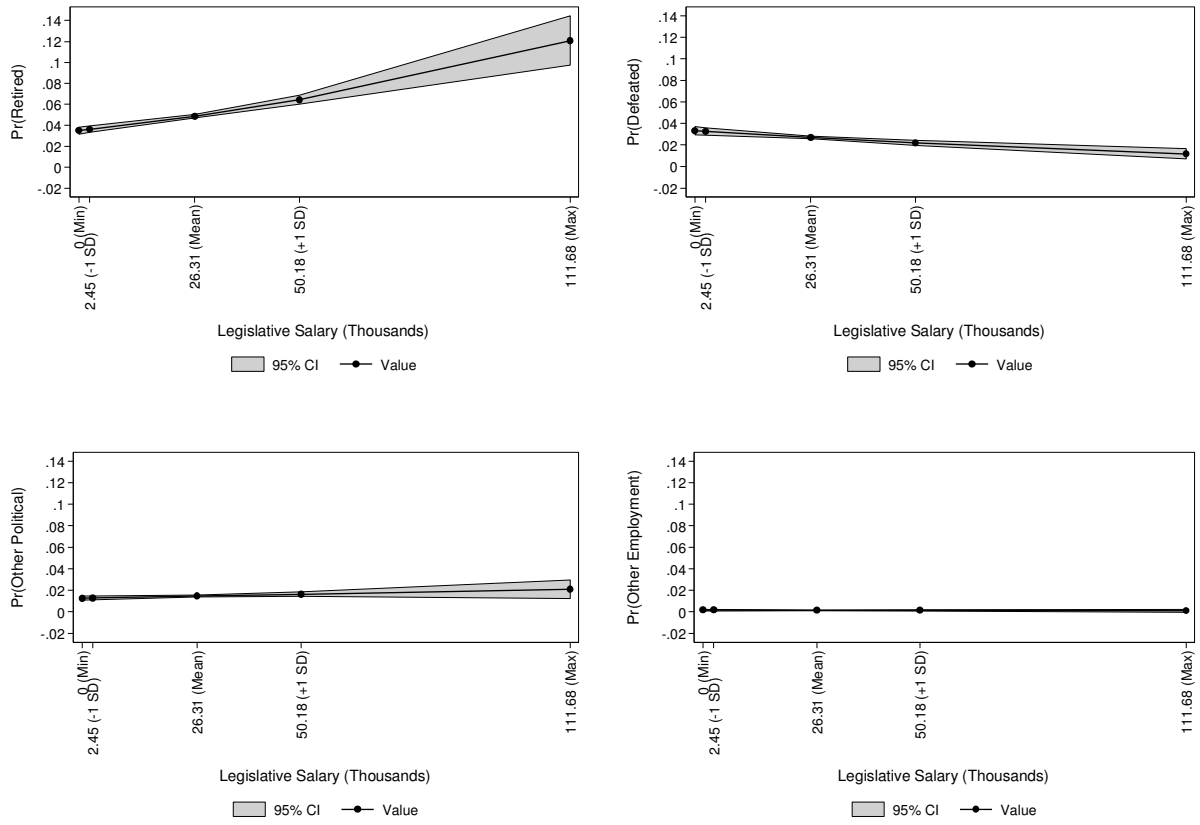


Figure 4.2: Predicted Probabilities of Outcomes as a Function of Legislative Salary (Thou)

What emerges from these figures, is that in cases concerning the probability of electoral defeat, taking/seeking another political position, or pursuing other private employment, the substantive probabilities are rather small. These probabilities range from 3.3% (in instances of electoral defeat) to a tiny 0.16% (in instances of pursing private employment). Yet, when examining cases of voluntary retirement, a more substantial story emerges. When legislative salary is at its lowest level (0 as in cases of New Mexico), the probability of retirement is about 3.5%. However, when salary is at its maximum level (as in cases of California in 2000), the probability of retirement is about 12.1%. Taken together with the initial regression results, legislative salary does play a significant role in the decision of a state legislator to voluntarily leave their office,

albeit still only a ~12% likelihood of voluntarily retiring as opposed to remaining in office. Even considering the effect of salary, the impetus to remain in their office and continue to receive the benefits from that position remains a strong draw for most legislators, as evidenced by the fact that there was only 11.05% turnover across the sample period. As such, while salary may be important to the membership (e.g. Barro 1973; Stonecash 1993), members consider a multitude of other factors when they make their carefully timed and rationale retirement decisions (e.g. Frantzich 1978).

Yet, as addressed above, state legislators do not consider their salary in a vacuum. Legislators are aware that their compensation has failed to keep pace with the average wage of other jobs in their states (e.g. Kelderman 2007; *The New York Times* 2008). As such, the results of the a state legislator's difference in pay on their decision to remain in office or retire in a given year appear above in **Table 4.2, Models 1B-4B**. Recall that the **Pay Difference** variable is measured as the difference between each legislator's **Legislative Salary** and their state's real median household income, with positive values reflecting larger legislative compensation compared to a smaller median household wage.

In examining these results, a similar pattern emerges concerning a state legislator's pay and their choice of alternatives. As the difference between the wages a member receives and the median wages of their state increases, state legislators are less likely to be defeated in their reelection bid, seek/take another political office, or pursue private employment rather than remain in the legislature. Contrary to theoretical expectations, as the wage difference increases (better legislative wages compared to paltry outside wages), state legislators are more likely to voluntarily retire from their position. Again, the salary a member is compensated for their service does not produce the retention effect that many of the prior studies of legislative

retirement. Members are deciding to vacate their office, potentially absorbing an increasingly costly financial hit, as they reenter an electorate that is financially worse off than they are. To provide insight into the substantive effects observed, **Figure 4.3** below is constructed from the prior regression as reported in **Table 4.2** above, and depicts the implied effects of the **Pay Difference** (from its minimum observed value to its maximum observed value, with all other variables held at their mean values) on the predicted probability of the various alternate outcomes:

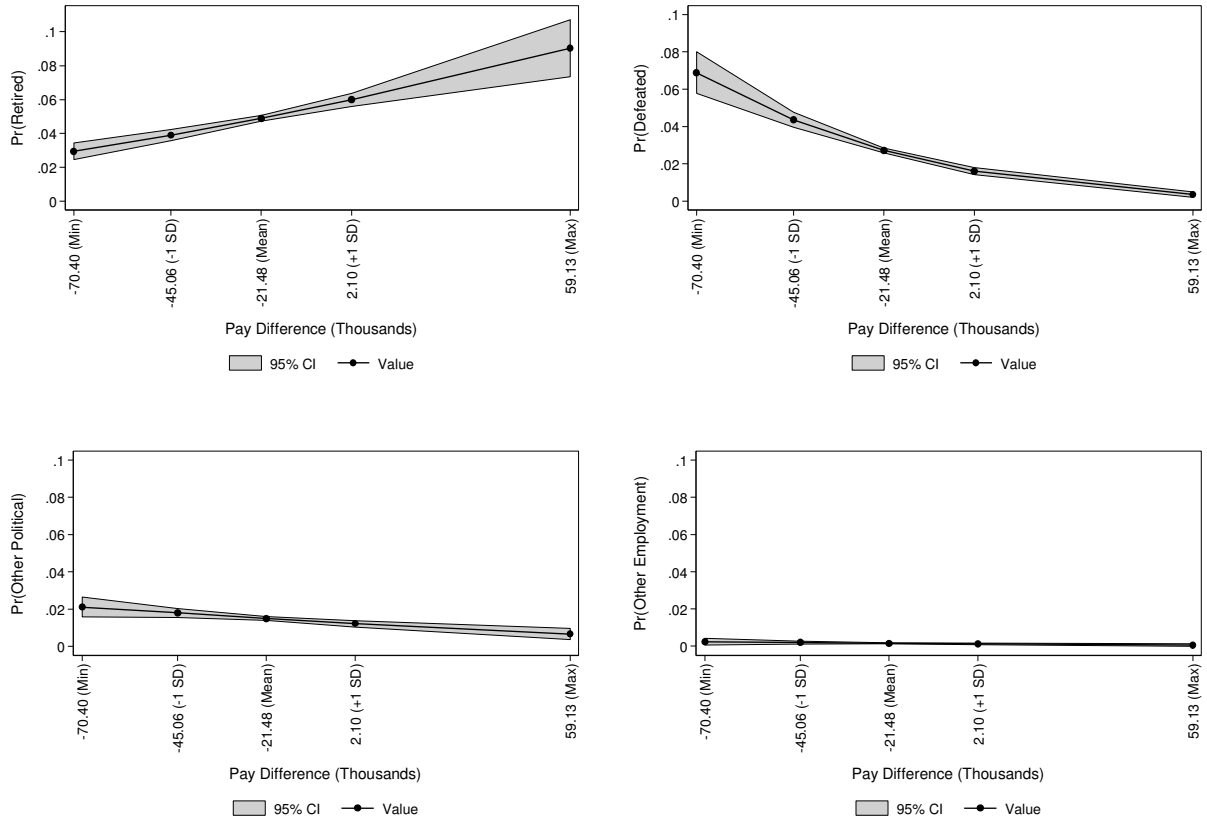


Figure 4.3: Predicted Probabilities of Outcomes as a Function of Pay Difference (Thou)

What emerges from these figures, is that in all cases concerning the alternatives compared to the Status Quo, the substantive probability is rather small. These probabilities range from a tiny 0.36% (in instances of electoral defeat) to 9.0% (in instances of voluntary retirement). Taken together with the initial regression results, while legislative salary again does influence a state legislator's decision to voluntarily leave their position, the substantive effect of it is rather negligible.

The results from examining legislative salary, both in levels as well as relative to the state's median household income, paint a picture of legislative behavior for certain exit alternative choices contrary to expectations found in the previous literature (e.g. Blair and Henry 1981; Francis and Baker 1986; Jewell and Breaux 1988; Squire 1988a). Yet, as addressed above, legislative compensation and how it compares to other state wages both influence the decision-making calculus of potential candidates and incumbents in deciding whether to run for the legislature (Chubb 1988; Weber, Tucker, and Brace 1991; Van Dunk 1997; Kurtz, Moncrief, Niemi, and Powell 2006). Given the inherent difficulty in interpreting the findings when both indicators are included in the same model, considering the constituent elements of the **Pay Difference** indicator separately offer some further insight into the influence of legislative compensation on exit alternative choice. The results of this analysis appear above in **Table 4.2, Models 1C-4C**.

Once these constituent indicators are included in the same analysis, several consistent effects emerge. First, **Real Legislative Salary** significantly increases the likelihood that a state legislator will choose to voluntarily retire or leave office for another political position (though not found to significantly influence this likelihood) compared to the status quo/remaining in office, whereas consistent with theoretical expectations, it decreases the likelihood of being

defeated in their reelection contest and leaving office in pursuit of other private sector employment (though insignificant). Interestingly, across all exit alternatives, the **Real Median Household Income** in a state significantly increases the likelihood of choosing an alternative exit option compared to remaining in office. What these divergent results tell is that while legislative salary may not be the best incentive for motivating individuals to serve in public office, how the economic health of the legislator's constituency (vis-à-vis the real median household income of the state) provides a significant draw for the legislator when deciding whether to stay or vacate their position. These findings perhaps best purport with the findings of Stonecash (1993) who examined the New York Legislature and questioned the literature which suggests that the inclination to pursue reelection may involve financial considerations.

For the previous findings to be true, whereby, salary levels serve as incentive for legislators to seek reelection, 1) the two should have a positive association and 2) real salary increases should precede or at least coincide with increases in the inclination to stay in office. Stonecash's (1993) findings reveal that in the case of New York, that while they do have a weak association, there was a steady rise in the inclination to pursue reelection among incumbents in the legislature though real salary levels remained essentially the same from 1870 to 1940. Further, though legislative salary has lagged, this has not led to an increase in tenure amongst incumbents, suggesting that further investigation into the source of increased interest in the position needs to start somewhere other than salary. Consistent with the findings from the above analysis, Stonecash (1993) further examines the ratio of legislative salary to income per capita in New York, and finds that the pursuit of reelection was greatest when the salary ratio was highest, and surmises that that legislators consider the opportunity cost of holding their position (particularly as the legislative session length increases, as have sessions in New York). Taken

together, the findings from this analysis seem to generalize these state-centric finding to legislative compensation across the American states.

Consistent with this claim, as stated above, the intent of this analysis is to examine individual retirement decisions of state legislators from 2000-2010. Yet, the two key independent variables are measured at the state level because of the impossibility of determining individual level values for the salary a member could reasonably expect to earn from their prior employment. As such, the above analysis is unable to include individual level and state level effects which are present in the hypothesized relationships. In an attempt to empirically examine these multilevel effects, this dissertation essay exhausted a variety of advanced methods: Generalized Linear Latent And Mixed Modeling (GLLAMM) for multinomial probit models, generalized multinomial logit, fixed effects multinomial logit, multinomial probit with dichotomous indicators included for years, states, and legislative chambers. However, each method was unsuccessful or inapplicable due to the number of observations or form of the data.

Yet, an important robustness check available concerning these multilevel effects involves utilizing the GLLAMM estimation procedure for a two-level random intercept probit model, developed by Sophia Rabe-Hesketh as part of joint work with Anders Skrondal and Andrew Pickles. Using this procedure, the individual exit alternatives probit models found in **Table C.3** in **Appendix C** were re-estimated while controlling for both individual and state level effects, with the results of this analysis being presented in **Table C.5** in **Appendix C**. Examination of these results reveals a pattern consistent with the findings from both the individual exit option models found in **Table C.3** and the findings from the main analysis found in **Table 4.2**, such that **Real Legislative Salary** increases the likelihood that an individual legislator chooses any of the

four alternatives compared to remaining in office, and, that the **Pay Difference** significantly decreases the likelihood that an individual legislator make the same choice of exit alternatives.

Yet, the above theory governing legislative retirement decisions is exclusively focused on the compensation afforded a member for their service (and how that compensation compares to other wages in the state). The vast literature examining the era of professionalism states experienced, to varying degrees, suggests that other factors may play a role in shaping the retirement decisions of American state legislators. Most measures of state legislative professionalism consist of three components: legislator compensation, legislative resources measured as staff or expenditures, and session length (e.g. Grumm 1971; Morehouse 1981; Bowman and Kearney 1988; Squire 1992b; Kousser and Phillips 2009). As such, the main analysis above was re-estimated to include measures of state legislative session length (**Session Length**), coded as the number of days a state legislature is in session in a given year, and the legislative resources allocated to each legislator (**Expenditures Per Legislator**),[121] coded as the expenditures per legislator in thousands of dollars.[122,123]

The results from this alternative analysis are presented in **Table 4.3** below:[124]

[121] Data for this variable was taken from the "Bill and Resolution Introductions and Enactments" table in The *Book of the States* (various years). Missing data was resolved through the use of state legislative session calendars. Information unable to be resolved through these means was imputed in STATA. Given that state legislative session lengths do not vary much from one year to the next, this method is appropriate. In some states, the *Book of the States* lists different session lengths for each legislative chamber. As such, this alternative analysis employs the lower session length of the two chambers listed for that state, to avoid overestimating the session length of the state legislature.

[122] These data were taken from Bowen and Greene (2014).

[123] The NCSL color variables correlate with these additional measures of professionalism at: -0.14 (Gold Lite) to 0.35 (Green Lite) [**Session Length**] and -0.29 (Gold) to 0.18 (Green Lite) [**Expenditures Per Legislator**]. To avoid entering indicators for session length, compensation, and legislative resources multiple times into the model, the NCSL color code indicators were omitted from this alternative analysis. The influence of these NCSL color indicators is further examined in supplemental analysis which omits the key indicators, the results of which are found in **Table C.6** in **Appendix C**. Given the consistent findings across specifications, the inclusions of both the key indicators and the NCSL color indicators is appropriate.

[124] To ensure that the variance in legislative pay is not driven entirely by the professionalization of a state legislature, supplemental analysis is conducted in which the sample is divided into three professionalization groups: Amateur (Gold and Gold Lite legislatures), Hybrid (Gray legislatures), and Professional (Green and Green

Table 4.3: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Additional Professionalism Indicators

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.002*** (0.001)	–	0.002** (0.001)	–0.004*** (0.001)	–	–0.006*** (0.001)
Pay Difference (thou)	–	–0.0002 (0.0008)	–	–	–0.010*** (0.001)	–
Real Median Household Income (thou)	–	–	0.006*** (0.001)	–	–	0.015*** (0.001)
Professionalism Factors						
Session Length	–0.001*** (0.0002)	–0.0005*** (0.0001)	–0.001*** (0.0002)	0.00003 (0.0002)	0.0005*** (0.0002)	0.0001 (0.0002)
Expenditures Per Legislator	0.00005*** (0.00002)	0.0001*** (0.00002)	0.00006*** (0.00002)	0.00004* (0.00002)	0.0001*** (0.00002)	0.00006** (0.00002)
Personal Factors						
Party Leadership	0.226*** (0.048)	0.226*** (0.048)	0.225*** (0.048)	–0.309*** (0.082)	–0.312*** (0.082)	–0.313*** (0.083)
Committee Leadership	–0.029 (0.023)	–0.025 (0.023)	–0.023 (0.023)	–0.100*** (0.028)	–0.083*** (0.028)	–0.083*** (0.028)
Member of Upper Chamber	–0.108 *** (0.026)	–0.107*** (0.026)	–0.106*** (0.026)	–0.201*** (0.032)	–0.195*** (0.032)	–0.194*** (0.032)
Married	0.190*** (0.034)	0.187*** (0.034)	0.197*** (0.034)	–0.095** (0.038)	–0.087** (0.038)	–0.075** (0.038)
Female	0.018 (0.027)	0.020 (0.027)	0.009 (0.027)	–0.006 (0.032)	–0.019 (0.032)	–0.030 (0.032)
Children	–0.315*** (0.028)	–0.312*** (0.028)	–0.323*** (0.028)	–0.077** (0.035)	–0.078** (0.035)	–0.093*** (0.035)
Age	–0.039*** (0.007)	–0.039*** (0.007)	–0.038*** (0.007)	–0.001 (0.008)	0.001 (0.008)	0.001 (0.008)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0001^{+} (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)
Electoral Factors						
Electoral Expectations	–0.003*** (0.0004)	–0.003*** (0.0004)	–0.002*** (0.0005)	–0.009*** (0.0005)	–0.008*** (0.0005)	–0.007*** (0.0005)
Burnout Factors						
Years in Position	0.021*** (0.002)	0.021*** (0.002)	0.021*** (0.002)	–0.001 (0.002)	–0.002 (0.002)	–0.003 (0.002)
Constant	–1.498*** (0.195)	–1.501*** (0.199)	–1.810*** (0.205)	–1.893*** (0.230)	–2.448*** (0.237)	–2.749*** (0.243)
N = 67,529						

Lite legislatures), the results of which are found in **Tables C.7, C.8,** and **C.9** in **Appendix C**. Across the three groups, similar trends in both magnitude and significance are found, though with some variation in the direction of the effect depending on which group is examined. From a theoretical perspective, the impact of salary on legislative exit choice should be most powerful for members of Hybrid legislatures, where the demands of the job have increased over time yet salary often fails to adequately compensate for this commitment.

Table 4.3 Continued						
	Other Political			**Other Employment**		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	–0.001 (0.001)	–	–0.003*** (0.001)	–0.001 (0.003)	–	–0.002 (0.003)
Pay Difference (thou)	–	–0.006*** (0.001)	–	–	–0.004^{+} (0.002)	–
Real Median Household Income (thou)	–	–	0.015*** (0.001)	–	–	0.013*** (0.003)
Professionalism Factors						
Session Length	0.0002 (0.0002)	0.0006*** (0.0002)	0.0002 (0.0002)	0.0004 (0.0004)	0.0007* (0.0004)	0.0005 (0.0004)
Expenditures Per Legislator	0.0001*** (0.00002)	0.0002*** (0.00002)	0.0001*** (0.00002)	–0.00004 (0.00007)	5.88E–06 (0.0001)	–0.00002 (0.00007)
Personal Factors						
Party Leadership	0.079 (0.066)	0.076 (0.066)	0.074 (0.066)	–0.204 (0.174)	–0.206 (0.174)	–0.210 (0.174)
Committee Leadership	–0.079** (0.033)	–0.068** (0.033)	–0.065** (0.033)	–0.110^{+} (0.073)	–0.103^{+} (0.073)	–0.099^{+} (0.073)
Member of Upper Chamber	0.253*** (0.035)	0.254*** (0.035)	0.257*** (0.035)	0.122^{+} (0.078)	0.123^{+} (0.078)	0.127^{+} (0.078)
Married	0.142*** (0.051)	0.145*** (0.051)	0.160*** (0.051)	0.055 (0.107)	0.058 (0.108)	0.074 (0.108)
Female	–0.007 (0.041)	–0.015 (0.041)	–0.030 (0.041)	–0.101 (0.100)	–0.106 (0.100)	–0.122 (0.100)
Children	–0.061^{+} (0.042)	–0.061^{+} (0.042)	–0.076* (0.042)	–0.118^{+} (0.088)	–0.118^{+} (0.088)	–0.131^{+} (0.088)
Age	0.057*** (0.012)	0.057*** (0.012)	0.059*** (0.013)	0.036^{+} (0.027)	0.036^{+} (0.027)	0.037^{+} (0.027)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0008*** (0.0001)	–0.0006** (0.0003)	–0.001** (0.0003)	–0.001** (0.0003)
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–0.00001 (0.0002)	–9.14E–06 (0.0002)	–3.07E–06 (0.0001127)
Burnout Factors						
Years in Position	0.031*** (0.003)	0.031*** (0.003)	0 .030*** (0.003)	0.035*** (0.006)	0.035*** (0.006)	0.035*** (0.006)
Constant	–4.034*** (0.318)	–4.330*** (0.322)	–4.743*** (0.328)	–4.181*** (0.676)	–4.370*** (0.685)	–4.788*** (0.698)
N = 67,529						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

As the results in the above table reveal, the inclusion of the additional professionalization indicators (**Session Length** and **Expenditures Per Legislator**) yielded results similar to those from the model specification used in the main analysis in this essay, though with some minor attenuation in magnitude and significance. Only of instances where a legislator chooses to leave office in pursuit of another political office did the direction of the effect of legislative compensation change, though only when the median household income of the state was consider was the effect found to be statistically significant. Similarly, in instances of voluntary retirement, the effect of the pay difference change direction, though this effect was not found to be statistically significant. With the exception of voluntary retirement, longer legislative sessions increase the likelihood that a member chooses the other exit alternatives compared to remaining in their current position. Similarly, only in instances of a member choosing to seek other private sector employment, did an increase in the total expenditures per legislature decrease the likelihood that a member chooses that alternative compared to staying in office. However, across the various exit alternatives, only in the case of voluntary retirement (**Models 1A-1C**) are the both additional professionalization indicators (**Session Length** and **Expenditures Per Legislator**) consistently shown to be significant predictors, and in instances of a legislator choosing to vacate their current office in pursuit of another political office (**Models 3A-3C**), only the resources afforded each legislator (**Expenditures Per Legislator**) are consistently found to be a statistically significant influence on an individual legislator's exit choice.[125]

[125] Salary and Session Length perhaps interact in a more nuanced manner, e.g. legislatures where pay either is paltry compared to the required time on the job or where legislators are overcompensated for very little required time on the job, thus altering a member's valuation of their seat and in turn influencing whether they remain in the position of vacate for better opportunities. As such, supplemental analysis considers the legislative salary specifications (the "A" models) from the analysis used in **Table 4.3**, and examines the conditional impact of salary and session length, the results of which are found in **Table C.10** in **Appendix C**. Across the various exit alternatives,

Interestingly, the greater the resources afforded a state legislator, the more likely they are the vacate their position. This finding is counter-intuitive given that we should expect that greater resources, typically conceptualized as something which would make the legislator's job easier, should enhance their satisfaction with their position and decrease the likelihood of them vacating their office. Perhaps because of the very nature of resources, in easing the burden of performing their legislative tasks, members with greater resources are capable of accomplishing the goals they originally entered office seeking to attain. For members choosing to voluntarily retire, the members may be satisfied with their progress, and choose to retire to return to the demands of non-electoral life, which is especially important in less professional legislatures where elective service is viewed as part-time and often a civic duty. Similarly, because the member may be able to accomplish their goals, they may be better able to parlay these accomplishments into other political service. Yet, having these greater resources should enhance the valuation of the legislative seat attracting greater, and more qualified, electoral competition, resulting in a greater likelihood of electoral defeat.

This alternative analysis reveals that the professionalism of a state legislature does influence the decision-making calculus of an individual legislator, though the effect varies depending on what exit alternative is being considered compared to remaining in office (status quo), and these findings are sensible given the attention that legislative salary as an indicator has received in the extant literature (e.g. Opheim 1991).

Yet salary alone may not be the best predictor of the financial need to pursue an exit alternative. As discussed above, legislative salary, especially in the more amateur legislatures, may not be a substitute for income the member can earn in a profession outside of the legislature.

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the inclusion of this conditional effect fails to yield a significant effect, and though the findings remain robust, several effects experienced an attenuation in their previously found level significance.

The wealthier an individual or those members who are employed in high-paying jobs, should be less sensitive to the influence of low legislative compensation. However, measuring an individual's wealth or earning potential is inherently problematic, as previously discussed. Thus, in an attempt to examine this alternative influence, a crude measure of an individual's earning potential is constructed from their educational experience. There is a strong belief that there is a relationship between attaining higher levels of education and an individual's earning potential (e.g. Julian and Kominski 2011). Thus, the variable **Earning Potential** is coded 1 if the state legislator possesses a graduate-level degree (master's/professional degree, J.D., Ph.D.), and 0 if the state legislator possessed a lower level educational degree (high school/GED, associate, or BA/BS degree).[126,127] As such, the main analysis above was re-estimated to include this indicator, and the results from this alternative analysis are presented in **Table 4.4** below:

[126] Data for this variable was obtained from Project Vote Smart candidate biographies at http://votesmart.org/.
[127] Given the large variation in the earning potential of individuals with master's degrees and Ph.D's which could bias the effect downwards, supplemental analysis considers only those individuals with MBA's and J.D.'s. The results of this analysis are found in **Table C.11** in **Appendix C**. Across both specifications, similar findings concerning the influence of an individual's earning potential and their choice of exit option are revealed. The only difference between models was that when the limited indicator of earning potential is considered, it makes individual less likely to retire to seek other employment in the private sector, though this effect is not significant.

Table 4.4: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Earning Potential Indicator

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.007*** (0.001)	–	0.007*** (0.001)	–0.004*** (0.001)	–	–0.007*** (0.001)
Pay Difference (thou)	–	0.004*** (0.001)	–	–	–0.012*** (0.001)	–
Real Median Household Income (thou)	–	–	0.003** (0.001)	–	–	0.016*** (0.001)
Earning Potential	–0.039 (0.038)	–0.043 (0.038)	–0.038 (0.038)	–0.035 (0.044)	–0.034 (0.045)	–0.031 (0.045)
Personal Factors						
Party Leadership	0.200*** (0.049)	0.207*** (0.049)	0.200*** (0.049)	–0.294*** (0.082)	–0.284*** (0.082)	–0.296*** (0.082)
Committee Leadership	–0.034^{+} (0.023)	–0.035^{+} (0.023)	–0.031^{+} (0.023)	–0.080*** (0.028)	–0.062** (0.028)	–0.065** (0.028)
Member of Upper Chamber	–0.087*** (0.026)	–0.087*** (0.026)	–0.086*** (0.026)	–0.205*** (0.032)	–0.200*** (0.032)	–0.200*** (0.032)
Married	0.172*** (0.034)	0.167*** (0.034)	0.176*** (0.034)	–0.089** (0.038)	–0.077** (0.038)	–0.070* (0.038)
Female	0.010 (0.028)	0.020 (0.028)	0.005 (0.028)	0.004 (0.032)	–0.006 (0.032)	–0.020 (0.032)
Children	–0.295*** (0.028)	–0.291*** (0.028)	–0.298*** (0.028)	–0.083** (0.035)	–0.093*** (0.035)	–0.101*** (0.035)
Age	–0.039*** (0.007)	–0.039*** (0.007)	–0.038*** (0.007)	0.00003 (0.008)	0.002 (0.008)	0.002 (0.008)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0001^{+} (0.00008)	0.0001 (0.0001)	0.0001 (0.0001)
Green–Lite	0.638*** (0.058)	0.549*** (0.058)	0.613*** (0.059)	–0.019 (0.075)	–0.289*** (0.076)	–0.140* (0.076)
Gray	0.555*** (0.074)	0.367*** (0.071)	0.518*** (0.075)	–0.025 (0.091)	–0.491*** (0.087)	–0.201** (0.092)
Gold–Lite	0.606*** (0.088)	0.360*** (0.080)	0.574*** (0.088)	–0.0004 (0.106)	–0.510 *** (0.097)	–0.137 (0.107)
Gold	1.089*** (0.098)	0.835*** (0.093)	1.035*** (0.099)	0.012 (0.119)	–0.652*** (0.115)	–0.251** (0.122)
Electoral Factors						
Electoral Expectations	–0.001** (0.0005)	–0.002*** (0.0005)	–0.001** (0.0005)	–0.008*** (0.0005)	–0.008*** (0.0005)	–0.007*** (0.0005)
Burnout Factors						
Years in Position	0.024*** (0.002)	0.024*** (0.002)	0.024*** (0.002)	–0.002 (0.002)	–0.004* (0.002)	–0.004* (0.002)
Constant	–2.463*** (0.220)	–1.943*** (0.203)	–2.570*** (0.226)	–1.905*** (0.260)	–1.884*** (0.240)	–2.534*** (0.267)
N = 67,631						

Table 4.4 Continued						
	Other Political			**Other Employment**		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.003** (0.001)	–	–0.0004 (0.001)	–0.0006 (0.003)	–	–0.004 (0.003)
Pay Difference (thou)	–	–0.005*** (0.001)	–	–	–0.005^{+} (0.003)	–
Real Median Household Income (thou)	–	–	0.015*** (0.002)	–	–	0.013*** (0.004)
Earning Potential	–0.068 (0.056)	–0.070 (0.056)	–0.066 (0.056)	0.141^{+} (0.108)	0.140^{+} (0.108)	0.145^{+} (0.108)
Personal Factors						
Party Leadership	0.103^{+} (0.066)	0.117* (0.065)	0.105^{+} (0.066)	–0.282^{+} (0.187)	–0.276^{+} (0.187)	–0.283^{+} (0.188)
Committee Leadership	–0.102** (0.033)	–0.092*** (0.033)	–0.088*** (0.033)	–0.107^{+} (0.074)	–0.100^{+} (0.074)	–0.096^{+} (0.074)
Member of Upper Chamber	0.267*** (0.035)	0.270*** (0.035)	0.271*** (0.035)	0.143* (0.078)	0.146* (0.078)	0.148* (0.079)
Married	0.160*** (0.051)	0.164*** (0.051)	0.179*** (0.051)	0.063 (0.107)	0.067 (0.107)	0.081 (0.108)
Female	0.002 (0.041)	0.002 (0.041)	–0.020 (0.042)	–0.060 (0.098)	–0.063 (0.098)	–0.080 (0.098)
Children	–0.074* (0.041)	–0.079* (0.041)	–0.090** (0.042)	–0.120^{+} (0.088)	–0.124^{+} (0.088)	–0.135^{+} (0.088)
Age	0.056*** (0.012)	0.056*** (0.013)	0.057*** (0.013)	0.027 (0.027)	0.026 (0.027)	0.027 (0.027)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0005* (0.0003)	–0.0005* (0.0003)	–0.0005** (0.0003)
Green–Lite	0.272*** (0.079)	0.006 (0.081)	0.145* (0.081)	0.120 (0.172)	–0.025 (0.176)	0.004 (0.177)
Gray	0.241** (0.101)	–0.245** (0.100)	0.044 (0.103)	0.043 (0.220)	–0.217 (0.217)	–0.129 (0.225)
Gold–Lite	0.261** (0.119)	–0.303*** (0.112)	0.090 (0.121)	–0.085 (0.261)	–0.378^{+} (0.249)	–0.238 (0.266)
Gold	0.251* (0.135)	–0.407*** (0.135)	–0.031 (0.139)	0.270 (0.287)	–0.089 (0.289)	0.018 (0.298)
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–7.22E–06 (0.0001)	–5.68E–06 (0.0001)	–2.01E–06 (0.0001)
Burnout Factors						
Years in Position	0.030*** (0.003)	0.028*** (0.003)	0.028*** (0.003)	0.036*** (0.006)	0.035*** (0.006)	0.035*** (0.006)
Constant	–4.275*** (0.344)	–3.838*** (0.327)	–4.759*** (0.349)	–3.998*** (0.716)	–3.873*** (0.677)	–4.401*** (0.725)
N = 67,631						
*Notes: *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one–tailed test).*						

The results of this alternative analysis again yielded findings similar to those from the model specification used in the main analysis in this essay. Compared to remaining in office, those state legislators with greater earning potential, vis-à-vis possessing higher levels of education, were less likely to voluntarily retire, be defeated in their reelection attempt, or seek another political office, however none of these effects were found to be statistically significant. Interestingly, only in cases of a legislator deciding to retire to take employment in the private sector does a state legislator's earning potential have a marginally significant (1-tailed) and positive effect.[128] This however is sensible, given that a legislator with greater earning potential should have greater prospects for more lucrative employment outside of the legislature, and thus would choose to vacate their seat in pursuit of this employment.

Perhaps the specification of the dependent variable used in the main analysis presents an overly nuanced understanding of the decision-making process of an incumbent state legislator. Two aspects of the coding for the dependent variable in the above analysis warrant additional examination. First, considering a state legislator's exit resulting from electoral defeat, this alternative perhaps does not signify a choice by an incumbent politician, as no politician chooses to be defeated. As such, considering the status quo of remaining in office and electoral defeat as a single category may be more representative. Second, as addressed above, it is difficult to determine whether an state legislator retired from office to take a position in the private sector as opposed to simply retiring and potentially facing unemployment. As such, these exit alternatives may best be considered as a single category. A simplified version of the dependent variable used

[128] Salary however may serve to dampen the effect of an individual's earning potential, such that high legislative salary may entice an individual with a sufficiently high earning potential (e.g. possesses a higher education degree) to remain in office rather than vacating their office. Supplemental analysis thus considers the legislative salary specifications (the "A" models) from the analysis used in **Table 4.4** and includes the conditional influence of legislative salary and an individual's earning potential, the results of this analysis are found in **Table C.12** in **Appendix C**. However, even when this conditional effect is considered, the same null findings from this alterative analysis, as they relate to the influence of a legislator's earning potential, persist.

in the main analysis above is thus constructed by 1) combining the "status quo" and "defeat" exit alternative categories into a new baseline category "seek re-election," 2) combining the "other employment" categories into the "retire" category, and 3) leaving the "other political" category unchanged. The main analysis conducted above is re-estimated with the substitution of this simplified dependent variable, and the results from this alternative analysis are presented in **Table 4.5** below:

Table 4.5: Multinomial Probit With Seek Reelection as the Omitted Category (2000–2010) – Simplified Dependent Variable

	Retired			Other Political		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.008*** (0.001)	–	0.007*** (0.001)	0.003*** (0.001)	–	0.0005 (0.001)
Pay Difference (thou)	–	0.006*** (0.001)	–	–	–0.003*** (0.001)	–
Real Median Household Income (thou)	–	–	0.001^{+} (0.001)	–	–	0.013*** (0.002)
Personal Factors						
Party Leadership	0.195*** (0.048)	0.200*** (0.048)	0.195*** (0.048)	0.113* (0.065)	0.125* (0.065)	0.115* (0.065)
Committee Leadership	–0.036^{+} (0.023)	–0.039* (0.023)	–0.034^{+} (0.023)	–0.081** (0.033)	–0.074** (0.033)	–0.069** (0.033)
Member of Upper Chamber	–0.063** (0.025)	–0.063** (0.025)	–0.062** (0.025)	0.286*** (0.034)	0.289*** (0.034)	0.290*** (0.035)
Married	0.206*** (0.033)	0.199*** (0.033)	0.208*** (0.033)	0.167*** (0.051)	0.171*** (0.051)	0.184*** (0.051)
Female	0.015 (0.027)	0.027 (0.027)	0.013 (0.027)	–0.003 (0.041)	–0.001 (0.041)	–0.021 (0.041)
Children	–0.297*** (0.027)	–0.292*** (0.027)	–0.299*** (0.027)	–0.062^{+} (0.041)	–0.066^{+} (0.041)	–0.075* (0.042)
Age	–0.040*** (0.007)	–0.041*** (0.007)	–0.040*** (0.007)	0.057*** (0.012)	0.057*** (0.012)	0.058*** (0.012)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)
Green–Lite	0.646*** (0.057)	0.584*** (0.057)	0.633*** (0.057)	0.300*** (0.079)	0.075 (0.080)	0.191** (0.081)
Gray	0.576*** (0.072)	0.435*** (0.069)	0.556*** (0.073)	0.258*** (0.100)	–0.156^{+} (0.099)	0.088 (0.102)
Gold–Lite	0.623*** (0.085)	0.428*** (0.078)	0.607*** (0.085)	0.290** (0.118)	–0.197* (0.112)	0.141 (0.120)
Gold	1.116*** (0.093)	0.928*** (0.091)	1.087*** (0.095)	0.249* (0.135)	–0.309** (0.135)	0.007 (0.139)
Electoral Factors						
Electoral Expectations	–0.0001 (0.0002)	–0.001^{+} (0.0005)	–0.00006 (0.0002)	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)
Burnout Factors						
Years in Position	0.026*** (0.002)	0.026*** (0.002)	0.026*** (0.002)	0.032*** (0.003)	0.031*** (0.003)	0.031*** (0.003)
Constant	–2.533*** (0.212)	–2.011*** (0.197)	–2.586*** (0.216)	–4.400*** (0.342)	–3.974*** (0.325)	–4.799*** (0.347)
N = 71,249						

*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*

Substituting this simplified dependent variable for the more nuanced variable used in the above analysis again presents results similar to those from main analysis in this essay. The only notable change concerns the **Real Legislative Salary** variable, which was significant in the prior results for seeking another political office, now fails to attain a level of statistical significance. This change however may be resulting from reducing key variation by condensing those individuals who vacated their office to pursue other employment in the private sector with those individuals who voluntarily retired from their office. However, when these results are considered together with those from the above analysis, a consistent trend concerning the influence of legislative compensation is revealed across a variety of models and specifications. As such, I am left then to consider the implications of these findings below.

4.6 Discussion

Faced with a potentially unstable and weak political system (Polsby 1968), the American state legislatures which were incapable of serving the public good (e.g. Miller 1965; Herzberg and Rosenthal 1971) underwent a period of professionalization (e.g. Mooney 1994; Squire 2007) increasing membership compensation in an effort to attract and retain higher quality individuals who could provide for increased policy-making capabilities and collective responsiveness (e.g. Squire 1992b; Rosenthal 1996). However, legislative salaries in the majority of the American states decreased between 1975 and 2005 because pay increases did not keep up with inflation rates. Even in states where legislative pay has improved, it has often failed to keep up with the wages of other jobs (Chi 2007). This essay has analyzed the factors which influence an individual legislator's decision of whether to remain in their elected position or voluntarily retire, especially when faced with paltry legislative compensation or compensation which pales in comparison to the rest of their state's wages. The results from this analysis however reveal that

while legislative salary may not be sufficient to motivate individuals to engage in the grueling task of public service, the opportunity cost associated with serving, as well as other personal factors, do serve to entice members to remain in their elected position rather than pursue a variety of exit alternatives.

Practically however, the above analysis and associated simulations yielded results showing a very small actual effect in terms of influencing the probability that a individual legislator decides to choose an exit alternative rather than stay in office. While small in magnitude, these effects do have important implications for turnover in legislatures in the American states. As addressed above, regardless of what type of legislature the member is from, most often members choose to remain in office rather than pursue any of the examined exit alternatives, as evidenced by the fact that there was only 11.07% turnover across the sample period and low turnover rates previously examined by the extant literature (e.g. Oxendale 1979; Thompson and Moncrief 1992; Carey, Niemi, and Powell 2000; Ansolabehere and Snyder 2002). Yet when this turnover is considered over time, the real effect of legislative compensation and the other determinants on exiting the legislature are revealed. For illustrative purposes, suppose a 100 member legislative chamber loses 10% of its membership after one election (10 members) and a 30 member legislative chamber loses the same percentage of its membership (3 members). Similarly, within the sample period the average legislature (upper and lower chambers together), has ~150 members. If the average legislature in the sample period experienced the 11.07% turnover, it would experience a lose of ~14 (13.55) members. In any given year these losses are not significant, however with each election cycle that passes, and if turnover rates persist as evidenced in the previous literature, these losses begin to amount to a significant loss of members over time. With these losses, comes decreases in: legislative efficiency (e.g. Squire

1998); the ability to reform government personnel practices and the adoption of complex and technical policies (e.g. Ka and Teske 2002; Kellough and Selden 2003); providing direction to the state bureaucracy (Huber and Shipan 2002); institutional memory and member expertise (e.g. Oxendale 1979; Thompson and Moncrief 1992); and constituent service responsiveness (Jewell 1982; Pound 1992). In both high and low salaried legislatures these effects are important given that: 1) in well paid, professional legislatures, these tasks are expected by the constituency, and failure to meet these demands may have electoral consequences for the membership, and 2) in low compensation, amateur legislatures, these effects further degrade the capacity of an already weak institution to meet the demands placed upon it.

So then are the observed results, though in part contrary to the prior literature, representative of the influence of legislative salary? States with higher levels of legislative compensation typically have lower turnover rates than states with lower compensation (Oxendale 1979; Thompson and Moncrief 1992), yet, salary was shown in the aforementioned literature to increase the likelihood that individual members will voluntarily retire compared to remaining in office. A boisterous claim from the findings in this essay would suggest that much of the prior literature focused either on aggregate turnover rates (e.g. Jewell and Breaux 1988; Squire 1988a) or only on a subset of the American states (Blair and Henry 1981; Francis and Baker 1986), and as such, failed to either accurately model individual decisions and factors which vary from one individual to the next or failed to present findings which are generalizable to the American states collectively. Rather, this essay does not proceed to reject the prior literature but instead suggests that these findings be taken with some caution for the following reasons.

First, as noted above, this essay examined retirement decisions from 2000-2010. Given that professionalization in the American states began in the late 1960s, a more comprehensive

understanding of the role of legislative salary would be garnered from a study of retirement decisions from the start of this time period until present. As legislative salary changed in response to the professionalization movement, retirement decisions of state legislators should have similarly changed in response. The 11 year time-period under analysis encompasses a period of time when the professionalization movement was mostly completed and the effects of it have since become institutionalized into the various state legislatures. Members entering (or remaining in the legislature) are well aware before-the-fact that their legislative salary is essentially fixed (or in many states declining when inflation is considered). As such, other personal factors perhaps serve a greater role in the impetus for their choice between alternatives. Future studies, with the time and resources available, will extend this analysis back to the start of professionalization to examine how this decision-making behavior has changed over time in response to changes in professionalism.

Second, with the exception of the variables which measure the type of legislature the member serves in (**Green-Lite, Gray, Gold-Lite,** and **Gold**), all control variables in the analysis vary at the individual level. **Legislative Salary** and **Pay Difference** however do not vary from one individual to the next, but only vary between states. As such, these measures may be missing important variation which exists at the individual level which may be informing an individual legislator's decision-making calculus for whether they should stay or if they should go. However, given the issues addressed above, short of somehow acquiring the tax information for every American state legislator, future studies are restricted to these same blunt instruments for examining legislative salary at the individual level. The consistency in the findings from the separate regression models for each exit alternative, including those which employ the GLLAMM procedure to include individual and state effects, as well as the results from

considering a crude measure for the earning potential of a state legislator, suggests some reason for restrained optimism in the overall findings from this study.

Yet, if these results are taken as representative, they point to an interesting normative debate concerning legislative pay more generally, and further, more specifically concerning the attempts by memberships to increase their pay. Functionally, higher pay equates to greater capacity for the legislature to perform its daily roles and compete with the governor in the policy-making and budgetary arenas. Higher professionalized legislatures, which provide greater compensation to their members, display greater legislative efficiency in terms of the percentage of bills passed and the number of bills enacted each day (e.g. Squire 1998), a greater ability to reform government personnel practices (e.g. Kellough and Selden 2003) and to adopt complex and technical policies (e.g. Ka and Teske 2002), and provide greater direction to the state bureaucracy (Huber and Shipan 2002). Further, because states with higher levels of legislative compensation typically have lower turnover rates, this allows for institutional memory to develop and member expertise to accumulate through time (e.g. Oxendale 1979; Thompson and Moncrief 1992). States that provide the greatest service responsiveness, as well as those in which constituent service has a higher priority, are those states with the lowest turnover (Jewell 1982; Pound 1992). As the aforementioned suggests, high compensation for the membership would be greatly desired by legislatures who seek to increase their institutional capacity. Yet, across the American states, state legislators have been clamoring for increases in their pay for many years. However, efforts to increase their own pay have often been met with public outrage, especially when the statewide economic conditions are slumping (e.g. Melusky 2014). Yet, as the results from this essay show, legislative compensation only plays a small role in an individual member's choice for whether they should remain in their position or leave voluntarily

for some other prospect. As such, these institutions which are concerned with increasing their institutional capacity, should perhaps not be as concerned with increasing the compensation of the membership, given the role that personal factors play in their decision-making calculus.

Further, the previous research has suggested that decreased legislative compensation has negatively impacted the quality of the state legislatures in terms of their ability to effectively meet the demands of the electorate and develop policy. As discussed above, as the American state legislatures professionalized, greater demands were placed on the membership which required higher levels of competence and performance, i.e. a quality membership (e.g. Cloner and Gable 1959; Rosenthal 1982). Prior to the wave of legislative professionalism in the American states that began in the 1960's, the pool of potential candidates for state office was restricted mostly to well-to-do white males who were natives and long time residents of their districts (e.g. Dye 1981; Keefe and Ogul 1989). Only those with high occupational status typically had a chance of legislative membership (e.g. Jewell and Patterson 1986). Higher pay for serving in the position ensured that those most qualified members could serve regardless of their personal financial circumstances (e.g. Smith 2003). Thus, higher professionalized legislatures, which provide higher pay for members, allow for these most qualified members to serve, populating the legislature with a variety of occupations and social backgrounds. This is important given that this influences the way legislatures organize and how members behave. Further, this influences the policies that the membership pursues (e.g. Squire and Hamm 2005). However, given that states like New York haven't had an increase in legislative compensation in many years, the quality of the membership, in terms of attracting and retaining qualified members, may have decreased. Further, given the cost of living difference across the state, a constituent in Albany may be better represented compared to a constituent from New York city,

i.e. lower cost of living in Albany compared to New York city though legislators receive the same legislative compensation. Taken together, if there has been a decrease in membership quality, this can translate into a corresponding decrease in terms of legislative capacity. While the results of this study do not directly test these claims, they can perhaps offer a silver-lining to the trend in legislative compensation, whereby, state legislatures perhaps do not have to be as fearful of decreases in their institutional capacity resulting from the level of legislative salary.

5.0 CONCLUSIONS

> *"The problem of power is how to achieve its responsible use rather than its irresponsible and indulgent use - of how to get men of power to live for the public rather than off the public."*
>
> *~Robert F. Kennedy*

While the capacity of a governmental institution/actor translates into its ability to influence political outcomes, it is difficult to get that actor to bring about a change to the status quo for the betterment of the public good as opposed to in pursuit of their own self-interest. This dissertation and its findings are best viewed as a lens for students of institutional design, future researchers of institutional capacity, policy developers, and elected officials alike for viewing and understanding the influence of power on the behavior of political actors. As such, the solution to Kennedy's problem may be found in the opening quote of this dissertation expounding the virtues of a separation of powers system, whereby the powers of one institutional actor shall not be infringed upon by the powers of another. By building this concept of separation of powers into the American constitutional system, at both the national and state levels, this functional yet idealistic mechanism established well-defined boundaries of formal constitutional authority between the branches. Yet because men are not angels (*Federalist 51*), possessing strong personal ambition, conflicts between the branches were inevitable. As such, the American states have served as battlegrounds for frequent clashes resulting over setting and administering state government policy, controlling the legislative process, raising and spending

money, appointing officials to executive and judicial positions, and jurisdiction over numerous other facets of state government operations. Personal and partisan conflicts often escalate into political tug-of-war matches for institutional control, often between the executive and legislative branches, with each institutional actor jockeying for a position of greater institutional capacity and ultimately greater political influence.

These contemporary struggles were foreshadowed even at the founding of the nation by Madison who astutely noted that power is of an encroaching nature (*Federalist 48*), as formal institutional capacity affords political actors the ability to pursue their political, personal, and most importantly, electoral goals. This is especially important in the American states, given the role that the states serve in the development of public policy in their individual states and nationally through spearheading efforts and policy diffusion (e.g. Mooney 2001; Boehmke and Witmer 2004; Karch 2007). Over the past four decades, the American state governments have changed dramatically in both their function and performance, with these subnational entities often manning the frontlines of political and public policy reform through innovation and implementation. These reforms are becoming increasingly important given the ever changing relationship between the federal and state governments, and the autonomy enjoyed by the subnational actors in designing policy and the delivery of public services resulting from federal mandates and the devolution of authority (e.g. Petersen 1995). Yet developing and implementing these reforms has been made more difficult due to the recent economic crisis and the resulting state revenue shortfalls and reductions in federal transfers. Still, state political leaders wield tremendous power and influence over their states and the cornucopia of policy generated by them. By seeking greater control over this power and influence, an institutional arms race has resulted with governors and legislatures employing their powers to achieve their

goals, with governors asserting greater control over the bureaucracy and legislatures increasing their efforts to oversee these agencies.

As such, through a careful examination of institutional capacity, capability, authority, power, or however its labeled (e.g. Gargan 1981) across three salient American state government topics, this dissertation supports the prevailing understanding that institutional capacity is a complex, multidimensional concept, which is not easily observed nor easily understood by the constituents served by those institutions/actors (e.g. Gargan 1981). Generally, the findings from this dissertation speak to our greater understanding of power. Often defined as "the probability that one actor in a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests" (Weber 1978: 53), power here concerns the relationship between individual actors or groups of individuals where some are able to do as they please in spite of the resistance by others, or more generally, "A has power over B to the extent that A can get B to do something that B would not otherwise do" (Dahl 1957: 202-203). Because of the varying imbalances of power across the American states, unlike the national governmental structure, this ability to get one's way despite opposition is a frightening concept which harkens back to the original fears of tyranny at the hands of a powerful unitary actor.

However, the ability of political actors in the American states is constrained given the historical changes in the institutional capacity of both governors and state legislatures. For governors, their capacity to engage as a budgetary and policy tyrant in the mid 1900's, today has been reduced, restricting their ability to keep up with the flow of policies and the vastness of the policy responsibly (e.g. Abney and Lauth 1987, 1998; Dometrius 1987). Even with reduced authority, modern governors are still expected to fulfill the roles of agenda setter, policy

developer, and policy achiever within today's broader and increasingly complex political arenas. Similarly, state legislatures, many of which previously were limited in their capacity to compete with their gubernatorial counterparts, are expected to pursue district-centered agendas as well as those of the party leaders and governors, provide greater resources and services in this highly complex environment, and fulfill greater demands of time and resources.

Complementing this evolution in state institutional capacity, a key takeaway from this dissertation is that state legislatures possess the capacity to undermine governors under certain conditions, particularly in budgetary realms and under periods of divided partisan control of the state government. These findings offer support for the professionalism movement in the American states which drove much of this institutional change and altered the (im)balance of power between the branches. Prior to the era of professionalism, state legislatures were criticized as being backwater institutions occupied by under-qualified and unintelligent individuals (e.g. Miller 1965; Heard 1966; Keefe 1966). Even the most professional state legislatures at the time operated with less than half of the resources available to those of Congress. Because of their inadequacies, calls for legislative reform grew. As states removed their legal restrictions on legislative session length, experienced population growth, and witnessed neighboring states developing more institutionally advanced chambers, they too began to began to develop more professional legislatures. The decision to professionalize was a willful decision, undertaken by these states in a manner similar to the way they decide to pass another policy change (e.g. Mooney 1995; King 2000). These states wanted to enhance the capacity of their legislatures to better perform their role in the policymaking process (e.g. Mooney 1994). In doing so state legislatures slowly become more like their Congressional counterparts (e.g. Rosenthal 1989). However history has shown that legislatures do not evolve in a monotonic

fashion, with periods of increasing institutional development and periods of organizational regression. It is thus well acknowledged that the wave of professionalism was not universal, and as such, today disparities among state legislatures have increased as some legislatures are only slightly more professional today than they were 30 years ago (e.g. Squire 1992b; Mooney1995; King 2000; Squire 2000; Squire & Hamm 2005).

The professionalism movement in the American states has been met with both praise and criticism. Proponents of the movement have cited Madison in arguing that increasing the competence of all representatives has served the benefit the public good, given that as legislators improved their skills in conducting public business, their commitment to the vocation would harden (*Federalist 53*). Further, professionalism has altered the internal arrangement of these legislatures, resulting in more frequent change to their committee systems (e.g Freeman and Hedlund 1993), a decentralization of the power of party leadership (e.g Squire 1988a, 1988b, 1992a), and a more streamlined and efficient decision-making and legislative process (e.g. Thompson 1986; Squire 1997). As such, under specific conditions, professionalism can influence particular policy generation and success/failure (e.g. Carmines 1974; Uslaner and Weber 1975; LeLoup 1978; Roeder 1979).

Yet, critics of professionalism argue that these full-time legislatures are now occupied by career politicians who spend the vast majority of their time pursuing their own reelection or progressive ambition, detracting from their attention to their constituencies and the greater good of the state. It further can negatively influence the level of job satisfaction of the membership, turnover rates and length of tenure in office, and career choices (e.g Rosenthal 1974; Francis 1985; Squire 1988a; Berkman 1994). Additionally, it alters the leadership styles of the party elites to become less collaborative (e.g. Rosenthal 1998) and makes advancement to party

leadership positions less well-defined (e.g. Freeman 1995). Though disagreement exists, divided government may be a result of legislative professionalism (e.g. Fiorina 1994, 1997; Squire 1997; Stonecash and Agathangelou 1997). Ultimately, these more professional legislatures have both the means and incentive to spend more than their citizen counterparts (Malhotra 2006), ultimately feeding into the pursuit of their self-serving goals.

Whether benefiting or hindering the state, taken together, the professionalism movement significantly influenced the ability of most state legislatures to try and act as coequal branch of state government, fulfilling Madison's vision of separation of power. In doing so, the established structure of checks and balances between the different departments of the government has constrained the ambitions of the politically motivated, and as this dissertation has shown, state legislatures have upheld their role as a check on the executive dominance. Taken together, this dissertation suggests that a system of shared powers is a necessary check on the encroaching nature of power. Affording each branch sufficient authority to resist a usurpation of power by another is essential to constraining the opportunistic behavior of elected officials occupying positions within each branch. In doing so, this can lead to more responsible majoritarian policymaking (e.g. Krause and Melusky 2012), even in the absence of divided party government (e.g. Berkowitz and Krause 2015).

Ultimately, the findings from this dissertation, including the murkiness in our understanding of both the role and definition of institutional capacity, support the claim that it is easy to "invent a government and devise a strong executive" yet it is much harder "to devise a strong legislature that can survive transfers of power and shifts of party control" (Loftus 1994: 63).

5.1 Future Research

The results from this dissertation more generally suggest that the field of state politics research remains a fertile field, capable of examining interesting and meaningful questions concerning the American governmental system, which those studies focused soley the federal level are ill-equipped to handle. Future research capitalizing on the meaningful variation at the American state level can and should strive to be better than merely filling old skins with new wine, (e.g. Krause and Woods 2014). As such, there still remains much more research and many new roads to be travelled to better develop our understanding of institutional capacity as well as its implications for both political and policy outcomes.

As this dissertation and the extant literature highlighted, changes in institutional authority over time altered the dispersion of power across the branches, and in doing so has distorted the lines of institutional authority and responsibility, making it increasingly difficult for the public to hold institutions and individuals responsible. While this research touched on concepts of blame and electoral accountability, future research needs to delve deeper into how this variation over time in the institutional capacity of state actors has altered the ability of the public maintain the agency style of representation. In doing so, it will first need to be established that the electorate is aware of the difference(parity) in the institutional capacity of these actors (depending on the individual state), a difficult task given the lack of general state-level knowledge compared to federal-level knowledge. Further, the research will need to disentangle whether blame(reward) by the electorate is resulting because of this difference(parity) or because of other confounding political, economic, and social factors. Again, this will be an uphill struggle given that it is more plausible that these other factors influence the ability of the electorate to sanction or reward incumbent political actors, rather than the electorate holding a firm understanding for ascribing

blame based upon which actors actually possess the means to influence the outcomes for which they are being evaluated.

The findings from this dissertation support several normative questions regarding institutional capacity previously raised in the previous literature: "how much capacity is enough, too much, too little? What additional capacity is necessary? What does capacity cost? How should capacity investments be evaluated, how frequently? How can adequate capacity be sustained?" (Hall 2002: 24). Given the murkiness in our understanding of both the definition and role of institutional capacity, there remains significant room for future studies which attempt to define and examine institutional capacity across a variety of other salient state government topics. No matter what phenomena is chosen for examination, these studies too must begin from an umbrella definition whereby the institutional capacity varies based upon the institution/actor under examination as well as the context under which it is examined.

While the results of Essay 2 of this dissertation suggest that the institutional capacity of governors influences the growth in economic development budget appropriations, optimally this research needs to examine the type, number, and value of economic development grants and efforts being undertaken by governors vis-à-vis their state economic development entities. For this future research to be conducted, systematic data on actual economic development grants and efforts needs to be collected and compiled. While there currently is no singular source (and no sources in general for some states), the national policy resource center, Good Jobs First, has begun to track economic development subsidies in the American states. There still remains some inherent problems in collecting this information, mainly, that not all states collect and share this information in the same manner. This results in some states only reporting the numbers of subsidies provided and not the magnitude of the subsidies for all states, making comparison

between states difficult. However, should this information be systematically compiled and made available, the results of this future research would ultimately promote greater corporate and government accountability, offering transparency in economic development spending. This transparency would potentially reduce the benefits accrued by governors who engage in this behavior in pursuit of short term electoral benefits, as high levels of economic development spending with little actual job creation, business recruitment, or macroeconomic influence could be exposed and negatively associated with the governor.

This dissertation, as well as the prior literature, has shown the importance of variation in legislative salaries, session lengths, staff support and other resources (e.g. Fiorina 1994; Berry, Berkman, and Schneiderman 2000; Hamm and Moncrief 2004; Squire and Hamm 2005). The often used indicators of professionalization are intended to assess the legislative body's capacity to consume information in the policy-making process, and regardless of slight differences, these measures generate regular state rankings (e.g. Mooney 1994; Berkman 2001; Maestas 2003) which are consistent with qualitative assessments (e.g. Hamm and Moncrief 2004). Similarly, measures and indexes of gubernatorial capacity are embroiled in an ongoing debate concerning their validity and reliability. This debate centers around concerns that these measures only focus on the governor's institutional powers and often ignore their informal powers (personal resources like charisma and an individual's persuasive ability, and enabling resources like staff support) (e.g. Bernick 1979; Dometrius 1987; Mueller 1985), and that indexes constructed from these measures fail to assign weights to the various components (e.g. Sigelman and Dometrius 1988). While this literature has developed a variety of measures to tap into dimensions of institutional capacity, Essay 1 of this dissertation, as well as the extant literature (e.g. Dometrius 1987; Mueller 1985; Gross 1989; Rosenthal 1990), has discussed the need for considering the

institutional capacity of institutional actors relative to one another, given that most measures of legislative and gubernatorial strength covary positively. Thus, any attempt to predict gubernatorial effectiveness in office must, at the very least, account for the relationship between the powers and resources present in the governor's office and the powers and resources present in the state legislature.

Yet, this dissertation raises an interesting empirical question: is the relationship between the governor and the state legislature a zero-sum power game (e.g. Rosenthal 1990)? While the capacity of the governor and/or the legislature can be increased, there is a limit to how much increasing one actor's capacity decreases the capacity of the other. Considering the basic concept of power (e.g. Dahl 1957; Weber 1978), it is at least partly related to whether or not an actor is faced with opposition which has the capacity to undo changes to the status quo made by that actor. Further, the power relationship is not necessarily a zero-sum game, with professional legislatures sometimes bolstering the legislative success of the governor (e.g. Dilger, Krause, and Moffett 1995; Ferguson 2003). As such, future studies examining institutional capacity must examine more closely instances of when institutional capacity is altered, evaluating how the capacity of the competing actors changes in response.

This evolution in the institutional capacity of American state political institutions, perhaps more so than the American national institutions, should be of great interest for students of institutional design. In considering the American state legislatures, given the disparity in legislative capacity across the American states today and historically, it is both interesting and ironic that many of the men who drafted the Constitution held them in such low regard since they felt that these institutions wielded too much power (Riker 1984). Yet, the foundations of the current Congress owe much more to the state legislatures than to its predecessor legislative body

under the Articles of Confederation (e.g. Lutz 1999; Squire & Hamm 2005), which is unsurprising given that the founders drew on the state legislative experience in writing the Constitution because of the 39 men who signed it, 19 had served in colonial legislatures and 32 had served in state legislatures (Squire and Hamm 2005) given that state legislatures were in existence 13 years before Congress met for the first time in 1789 (Squire 2006). In better understanding its state-level foundations and the changes in the state political institutions overtime, future examinations of the American national institutions can better determine how they respond and adapt to the current social, political, and economic climate.

Finally, scholars have advanced the idea the legislatures can deprofessionalize as well as professionalize (Hibbing 1999). States like Pennsylvania are considering reducing the size of its legislative membership (Migdail-Smith 2015). Other states, like California, have reduced the compensation to their membership (Propheter 2011), with similar bills being introduced across the country (e.g. Grovum 2014; Fitton 2015). Given the key findings from this dissertation concerning the ability of state legislatures to constrain the actions of encroaching governors, this regressive trend in legislative professionalism is concerning. This concern is compounded by the current economic crisis, where states are faced with revenue shortfalls and thus reduce the size and services of their government, and the increased authority delegated to governors, like their Presidential counterparts, in the wake of times of such crisis.

As such, the dissertation closes with a goal for the aforementioned students, researchers, policy developers, and elected officials: through a careful consideration of both the importance and role of institutional capacity, seek a solution to Robert Kennedy's problem of facilitating the responsible use of power for the public good by advocating for and working to maintain the system of separation of powers and institutional checks and balances as envisioned by James

Madison. Only when the proper balance of power sharing is achieved between sufficiently robust institutional actors, can the passions and ambition of man be channeled toward the public good.

APPENDIX A

Table A.1: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Alternative Specification of Duration Variable as a Continuous Variable

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–1.275 (3.721)	–	–0.150 (5.155)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–4.936 (7.632)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	4.754 (7.180)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	–5.399 (13.597)	–	–5.623 (15.292)	–4.856 (13.941)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–6.546 (10.488)	–6.991 (10.109)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	13.645^{+} (9.584)	13.023^{+} (9.449)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–11.753 (9.510)	–	–12.394 (11.248)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–4.376 (13.133)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	8.408 (10.396)	–
Governor Possesses Line Item Veto (-)	–0.488 (5.700)	–	–9.201^{+} (6.867)	–10.826^{+} (6.738)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	17.192** (8.369)	18.792** (8.120)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	9.755 (8.369)	11.196^{+} (8.243)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	53.529*** (20.199)	56.398*** (19.563)	57.362*** (22.200)	57.717*** (20.200)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–6.853 (11.343)	–6.199 (11.091)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–10.876 (12.983)	–10.171 (12.786)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–5.394 (6.092)	–	–9.620 (7.830)	–8.764 (7.419)

Table A.1 Continued				
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.192 (7.689)	1.742 (7.410)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	15.728** (6.383)	14.863** (6.275)
Legislature Session Length (-)	0.341*** (0.058)	0.351*** (0.058)	0.332*** (0.082)	0.353*** (0.081)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.010 (0.101)	–0.020 (0.100)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.055 (0.096)	–0.079 (0.093)
Divided Partisan Legislature Government (+)	15.052*** (3.203)	15.370*** (3.177)	6.840 (12.569)	2.167 (10.342)
Unified Partisan Legislature Government (+)	13.369*** (2.691)	13.484*** (2.676)	–0.741 (11.506)	4.700 (9.727)
Governor Legacy Year (+)	–1.012 (5.141)	–0.765 (5.129)	–0.213 (5.132)	–0.306 (5.142)
Legislative Election Year (-)	–3.837^{+} (2.462)	–3.872^{+} (2.459)	–3.978^{+} (2.451)	–3.980^{+} (2.460)
Real General Expenditures (+)	3.12E–07** (1.41E–07)	3.26E-07** (1.38E-07)	2.64E–07* (1.49E–07)	2.91E–07** (1.43E–07)
Biennial (+)	9.818^{+} (6.307)	8.550^{+} (6.109)	8.485^{+} (6.512)	7.113 (6.158)
No Balanced Budget Restriction (-)	–17.130** (7.684)	–16.384** (7.511)	–17.657** (8.126)	–16.534** (7.516)
Surplus (-)	–0.324*** (0.120)	–0.319*** (0.119)	–0.342*** (0.120)	–0.342*** (0.120)
Pct Δ Real Per Capita Income (-)	–0.573 (0.498)	–0.605 (0.496)	–0.619 (0.502)	–0.637 (0.502)
Supermajority Requirement (+)	11.661 (17.053)	8.918 (16.270)	13.829 (18.320)	9.648 (16.442)
Fiscal Year Begins (-)	–11.456** (5.050)	–11.631** (4.886)	–11.822** (5.436)	–11.796** (4.932)
Constant	25.693 (37.513)	21.364 (36.318)	38.499 (40.603)	36.357 (36.856)
N × T (Effective Sample Size)	654	654	654	654
Number of States	47	47	47	47
SD of Random Effects (individual component)	26.127	25.513	28.143	25.270
SD of Random Effects (idiosyncratic component)	25.627	25.562	25.499	25.464
Proportion of Total Variance Contributed by Panel-Level Variance	0.510	0.499	0.549	0.496
Notes: Estimates for random-effects regression analysis for cross-sectional time-series dataset. Dependent variable – Days Late: the number of days before or after the start of the fiscal year that state passed its budget. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.2: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Alternative Specification of Duration Variable as a Continuous Variable – On Time Budgets

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–1.925 (3.748)	–	–0.595 (4.681)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–6.519 (8.271)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–5.300 (6.915)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	–12.646 (12.257)	–	–8.587 (10.606)	–5.236 (12.585)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–15.431^{+} (10.505)	–16.608* (9.897)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–4.371 (9.901)	–5.403 (9.578)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–14.103^{+} (8.689)	–12.927^{+} (8.610)	–9.941 (9.065)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–5.482 (11.446)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.933 (9.014)	–
Governor Possesses Line Item Veto (-)	–2.031 (5.317)	–	–10.985* (6.466)	–9.470^{+} (6.380)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	9.216 (8.024)	9.180 (7.487)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	10.352 (8.311)	11.694^{+} (8.079)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	38.396** (18.507)	41.068** (18.529)	48.626*** (15.745)	48.785*** (18.791)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–33.384* (18.061)	–28.774* (17.271)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–29.710* (17.284)	–31.031* (16.801)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–5.444 (6.146)	–	–14.046** (6.336)	–9.592^{+} (6.834)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	3.916 (8.097)	0.976 (7.726)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	20.616*** (5.999)	20.035*** (5.761)
Legislature Session Length (-)	0.411*** (0.083)	0.411*** (0.083)	0.575*** (0.098)	0.559*** (0.100)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.238* (0.144)	–0.185^{+} (0.139)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.249** (0.105)	–0.229** (0.102)
Divided Partisan Legislature Government (+)	11.006*** (3.111)	11.151*** (3.073)	26.733* (14.150)	17.449^{+} (11.821)

Table A.2 Continued				
Unified Partisan Legislature Government (+)	12.374*** (2.577)	12.424*** (2.542)	19.406* (11.641)	12.684^{+} (9.900)
Governor Legacy Year (+)	0.895 (4.932)	0.996 (4.912)	0.465 (4.989)	1.263 (4.862)
Legislative Election Year (-)	–4.035* (2.356)	–4.111* (2.346)	–3.835^{+} (2.363)	–3.864* (2.311)
Real General Expenditures (+)	3.87E–07** (1.76E–07)	3.69E–07** (1.74E–07)	3.66E–07** (1.63E–07)	3.43E–07** (1.74E–07)
Biennial (+)	6.493 (5.539)	6.237 (5.501)	2.825 (5.017)	3.361 (5.413)
No Balanced Budget Restriction (-)	–5.828 (7.279)	–5.472 (7.353)	–5.729 (6.013)	–5.453 (7.234)
Surplus (-)	–0.195* (0.116)	–0.196* (0.115)	–0.254** (0.117)	–0.238** (0.114)
Pct Δ Real Per Capita Income (-)	–0.490 (0.495)	–0.518 (0.490)	–0.710^{+} (0.503)	–0.731^{+} (0.486)
Supermajority Requirement (+)	0.535 (15.625)	2.741 (15.694)	–2.071 (12.968)	–2.653 (15.304)
Fiscal Year Begins (-)	–11.395** (5.347)	–12.434** (5.384)	–11.743*** (4.284)	–12.170** (5.332)
Constant	11.443 (39.442)	12.653 (39.748)	13.872 (32.337)	14.195 (39.719)
N × T (Effective Sample Size)	505	505	505	505
Number of States	45	45	45	45
SD of Random Effects (individual component)	22.543	22.969	17.123	22.511
SD of Random Effects (idiosyncratic component)	21.326	21.265	20.974	20.896
Proportion of Total Variance Contributed by Panel-Level Variance	0.528	0.538	0.400	0.537
Notes: Estimates for random-effects regression analysis for cross-sectional time-series dataset. Dependent variable – Days Late: the number of days before or after the start of the fiscal year that state passed its budget. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.3: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Alternative Specification of Duration Variable as a Continuous Variable – Late Budgets

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–4.376 (8.140)	–	–14.022 (21.909)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	4.863 (23.696)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	16.566 (23.122)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.551 (10.781)	–	–0.924 (15.932)	–
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–	–
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	4.182 (22.914)	–
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–29.337 (25.335)	–	–38.547 (37.508)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–17.098 (53.018)	–
Governor Possesses Line Item Veto (-)	11.276 (11.377)	–	12.682 (17.693)	–
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	12.824 (23.324)	–
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	–35.367 (27.923)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	2.355 (12.854)	–	6.213 (21.576)	0.124 (17.176)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	11.735 (23.920)	6.598 (19.845)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–50.544^{+} (32.132)	–20.889 (21.403)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–22.476** (9.386)	–18.617** (8.164)	–31.601^{+} (20.042)	–35.011** (16.757)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	14.686 (21.349)	17.196 (18.094)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–0.293 (21.028)	0.997 (17.400)
Legislature Session Length (-)	0.135* (0.077)	0.164** (0.071)	0.017 (0.158)	–
Legislature Session Length x Divided Partisan Leg (-)	–	–	0.142 (0.182)	–
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.188 (0.203)	–
Divided Partisan Legislature Government (+)	3.850 (8.109)	4.534 (7.779)	–30.412 (35.235)	1.283 (11.322)

Table A.3 Continued				
Unified Partisan Legislature Government (+)	2.121 (7.644)	2.707 (7.289)	8.150 (30.066)	5.740 (10.556)
Governor Legacy Year (+)	–1.311 (13.388)	1.574 (12.961)	4.787 (14.156)	1.075 (13.360)
Legislative Election Year (-)	–3.237 (6.057)	–3.555 (5.739)	–3.074 (6.220)	–3.265 (6.081)
Real General Expenditures (+)	2.15E–07 (1.74E–07)	2.37E–07* (1.40E–07)	3.39E–07^{+} (2.38E–07)	4.18E–07*** (1.44E–07)
Biennial (+)	43.863*** (11.764)	36.511*** (9.623)	53.657*** (13.525)	48.768*** (10.652)
No Balanced Budget Restriction (-)	–19.644** (9.966)	–20.093** (8.606)	–26.970** (12.102)	–27.435*** (10.523)
Surplus (-)	–0.562** (0.284)	–0.479* (0.278)	–0.518* (0.314)	–0.511* (0.291)
Pct Δ Real Per Capita Income (-)	1.459 (1.197)	1.507^{+} (1.171)	1.236 (1.306)	1.967^{+} (1.205)
Supermajority Requirement (+)	14.653 (14.973)	10.305 (11.087)	10.101 (20.434)	16.644^{+} (12.079)
Fiscal Year Begins (-)	–7.396* (3.863)	–6.635** (3.197)	–4.710 (4.416)	–9.552*** (3.051)
Constant	52.361* (27.239)	50.703* (26.697)	47.958 (37.856)	80.811*** (24.622)
N × T (Effective Sample Size)	149	149	149	149
Number of States	22	22	22	22
SD of Random Effects (individual component)	0	0	0	0
SD of Random Effects (idiosyncratic component)	32.057	32.605	32.866	32.851
Proportion of Total Variance Contributed by Panel-Level Variance	0	0	0	0

Notes: Estimates for random-effects regression analysis for cross-sectional time-series dataset. Dependent variable – Days Late: the number of days before or after the start of the fiscal year that state passed its budget. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test). In Model 3, the variables Governor *Binding Revenue Forecast Authority x Divided Partisan Leg* and *Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg* were omitted due to collinearity.

Table A.4: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Additive Institutional Indexes

Variables	Model 1	Model 2	Model 3	Model 4
Governor Capacity Additive Index (-)	–0.171 (0.351)	0.037 (0.890)	–	–
Legislature Capacity Additive Index (-)	0.428 (0.693)	–0.479 (0.456)	–	–
Institutional Difference Index	–	–	–0.230 (0.297)	–0.301 (0.354)
Divided Partisan Legislature Government (+)	0.717* (0.428)	0.120 (1.425)	0.718* (0.428)	0.584 (0.745)
Unified Partisan Legislature Government (+)	0.921** (0.364)	–0.355 (0.974)	0.911** (0.363)	0.707 (0.637)
Governor Capacity x Divided Partisan Legislature Government	–	0.274 (0.611)	–	–
Governor Capacity x Unified Partisan Legislature Government	–	0.572 (0.471)	–	–
Legislature Capacity x Divided Partisan Legislature Government	–	0.300 (0.881)	–	–
Legislature Capacity x Unified Partisan Legislature Government	–	0.926 (0.822)	–	–
Institutional Index x Divided Partisan Legislature Government	–	–	–	0.093 (0.415)
Institutional Index x Unified Partisan Legislature Government	–	–	–	0.142 (0.365)
Governor Legacy Year (+)	–0.744 (0.775)	–0.671 (0.780)	–0.746 (0.774)	–0.736 (0.776)
Legislative Election Year (-)	0.061 (0.328)	0.044 (0.331)	0.063 (0.329)	0.067 (0.329)
Real General Expenditures (+)	1.09E–08 (1.47E–08)	1.16E–08 (1.54E–08)	1.09E–08 (1.48E–08)	9.69E–09 (1.52E–08)
Biennial (+)	0.705 (0.831)	0.644 (0.847)	0.726 (0.831)	0.723 (0.833)
No Balanced Budget Restriction (-)	–1.469* (0.782)	–1.534* (0.796)	–1.484* (0.781)	–1.487* (0.783)
Surplus (-)	–0.036** (0.017)	–0.033* (0.017)	–0.035** (0.017)	–0.035** (0.017)
Pct Δ Real Per Capita Income (-)	–0.153** (0.068)	–0.145** (0.069)	–0.152** (0.069)	–0.151** (0.069)
Supermajority Requirement (+)	1.925 (1.716)	1.925 (1.753)	1.907 (1.718)	1.955 (1.733)
Fiscal Year Begins (-)	–0.886^{+} (0.576)	–0.896^{+} (0.581)	–0.881^{+} (0.579)	–0.891^{+} (0.584)
Constant	3.425 (4.150)	4.180 (4.255)	3.566 (4.139)	3.744 (4.199)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	451.623	457.349	449.719	453.559
BIC	522.263	546.826	515.649	528.908

Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table A.5: Duration of Budget Impasse in the American States (1986 – 2006) – Additive Institutional Indexes

Variables	Model 1	Model 2	Model 3	Model 4
Governor Capacity Additive Index (-)	0.910 (0.168)	0.598^{+} (0.191)	–	–
Legislature Capacity Additive Index (-)	1.428^{+} (0.382)	0.775 (0.426)	–	–
Institutional Difference Index	–	–	0.832^{+} (0.117)	0.806 (0.164)
Divided Partisan Legislature Government (+)	0.763 (0.220)	0.134** (0.137)	0.736 (0.210)	0.616 (0.279)
Unified Partisan Legislature Government (+)	0.970 (0.229)	0.455 (0.337)	0.951 (0.223)	1.029 (0.416)
Governor Capacity x Divided Partisan Legislature Government	–	2.149* (0.933)	–	–
Governor Capacity x Unified Partisan Legislature Government	–	1.277 (0.461)	–	–
Legislature Capacity x Divided Partisan Legislature Government	–	2.072 (1.392)	–	–
Legislature Capacity x Unified Partisan Legislature Government	–	2.177^{+} (1.206)	–	–
Institutional Index x Divided Partisan Legislature Government	–	–	–	1.171 (0.343)
Institutional Index x Unified Partisan Legislature Government	–	–	–	0.948 (0.243)
Governor Legacy Year (+)	1.011 (0.562)	0.940 (0.525)	0.996 (0.553)	0.962 (0.536)
Legislative Election Year (-)	1.012 (0.195)	1.040 (0.207)	1.012 (0.194)	1.023 (0.202)
Real General Expenditures (+)	1.000 (5.73E–09)	1.000 (7.55E–09)	1.000 (5.01E–09)	1.000 (5.21E–09)
Biennial (+)	0.261*** (0.088)	0.237*** (0.094)	0.287*** (0.090)	0.270*** (0.087)
No Balanced Budget Restriction (-)	1.092 (0.260)	1.206 (0.300)	1.042 (0.242)	1.040 (0.242)
Surplus (-)	1.034*** (0.010)	1.034*** (0.011)	1.036*** (0.010)	1.036*** (0.011)
Pct Δ Real Per Capita Income (-)	0.968 (0.034)	0.971 (0.034)	0.967 (0.033)	0.969 (0.034)
Supermajority Requirement (+)	0.627 (0.283)	0.402* (0.213)	0.567^{+} (0.243)	0.509^{+} (0.234)
Fiscal Year Begins (-)	1.320* (0.193)	1.304* (0.200)	1.382** (0.179)	1.377** (0.178)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1098.774	1102.848	1097.336	1100.728
BIC	1137.015	1152.856	1132.636	1141.911

Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table A.6: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Shipan and Krupnikov Budgetary Powers Indicators

Variables	Model 1	Model 2	Model 3	Model 4
Governor Can Spend Unanticipated Federal Funds	–0.862* (0.501)	–0.804^{+} (0.502)	–0.366 (0.744)	–
Spend Funds x Divided Partisan Leg	–	–	–0.351 (0.959)	–
Spend Funds x Unified Partisan Leg	–	–	–0.871 (0.819)	–
Governor Has Line-Item Veto Power	–0.544 (1.030)	–	–1.273 (1.210)	–1.617^{+} (1.253)
Line-Item Veto x Divided Partisan Leg	–	–	2.406^{+} (1.534)	2.750* (1.435)
Line-Item Veto x Unified Partisan Leg	–	–	0.375 (1.112)	0.674 (1.106)
Governor Has Power to Reorganize Departments	–0.375 (0.520)	–	–1.551* (0.906)	–1.935** (0.913)
Reorganize Department x Divided Partisan Leg	–	–	1.010 (1.083)	1.163 (1.007)
Reorganize Departments x Unified Partisan Leg	–	–	1.519^{+} (0.941)	2.053** (0.926)
Governor Can Reduce the Budget	–0.860^{+} (0.580)	–0.833^{+} (0.573)	–0.406 (0.870)	–
Reduce Budget x Divided Partisan Leg	–	–	0.028 (1.107)	–
Reduce Budget x Unified Partisan Leg	–	–	–0.880 (1.039)	–
Governor's Level of Budget Preparation Authority	–0.488 (0.734)	–	0.056 (0.890)	0.277 (0.891)
Budget Preparation Authority x Divided Partisan Leg	–	–	–0.345 (1.153)	–0.377 (1.184)
Budget Preparation Authority x Unified Partisan Leg	–	–	–1.883* (0.950)	–1.892* (0.932)
Divided Partisan Legislature Government (+)	0.614^{+} (0.438)	0.597^{+} (0.434)	–1.503 (2.158)	–2.028^{+} (1.440)
Unified Partisan Legislature Government (+)	0.871** (0.376)	0.876** (0.375)	2.199 (1.827)	0.777 (1.307)
Governor Legacy Year (+)	–0.754 (0.797)	–0.743 (0.797)	–1.119 (0.876)	–1.003 (0.884)
Legislative Election Year (-)	0.075 (0.337)	0.071 (0.336)	0.120 (0.347)	0.120 (0.344)
Real General Expenditures (+)	9.26E–09 (1.60E–08)	6.99E–09 (1.55E–08)	9.07E–09 (1.70E–08)	7.88E–09 (1.69E–08)
Biennial (+)	0.838 (0.835)	0.801 (0.834)	1.176^{+} (0.860)	1.023 (0.900)
No Balanced Budget Restriction (-)	–1.566** (0.763)	–1.522** (0.769)	–1.695** (0.820)	–1.691** (0.844)
Surplus (-)	–0.040** (0.017)	–0.040** (0.017)	–0.043** (0.018)	–0.040** (0.018)
Pct Δ Real Per Capita Income (-)	–0.150** (0.070)	–0.152** (0.070)	–0.139* (0.071)	–0.154** (0.072)
Supermajority Requirement (+)	2.002 (1.690)	1.896 (1.651)	2.412^{+} (1.829)	2.647^{+} (1.938)

Table A.6 Continued				
Fiscal Year Begins (-)	–1.117** (0.559)	–1.145** (0.569)	–1.075* (0.599)	–0.886^{+} (0.631)
Constant	7.223* (4.340)	6.376^{+} (4.238)	6.932^{+} (4.677)	5.222 (4.734)
N × T (Effective Sample Size)	787	787	787	787
Number of States	48	48	48	48
AIC	442.419	437.472	449.601	443.894
BIC	526.447	507.495	580.311	546.595
Panel-Level Variance	1.724 (0.419)	1.767 (0.406)	1.868 (0.428)	2.072 (0.419)
SD of Random Effects	2.368 (0.495)	2.420 (0.491)	2.544 (0.544)	2.818 (0.590)
Proportion of Total Variance Contributed by Panel-Level Variance	0.630 (0.097)	0.640 (0.093)	0.663 (0.095)	0.707 (0.087)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.7: Duration of Budget Impasse in the American States (1986 – 2006) – Shipan and Krupnikov Budgetary Powers Indicators

Variables	Model 1	Model 2	Model 3	Model 4
Governor Can Spend Unanticipated Federal Funds	0.665^{+} (0.171)	0.626* (0.154)	0.389** (0.169)	0.398** (0.170)
Spend Funds x Divided Partisan Leg	–	–	1.376 (0.879)	1.380 (0.862)
Spend Funds x Unified Partisan Leg	–	–	2.272^{+} (1.232)	2.105^{+} (1.116)
Governor Has Line-Item Veto Power	0.701 (0.237)	–	1.347 (0.791)	–
Line-Item Veto x Divided Partisan Leg	–	–	1.82E–09 (1.60E–08)	–
Line-Item Veto x Unified Partisan Leg	–	–	0.502 (0.306)	–
Governor Has Power to Reorganize Departments	0.623** (0.143)	0.618** (0.138)	1.650 (0.846)	1.321 (0.595)
Reorganize Department x Divided Partisan Leg	–	–	0.398 (0.377)	0.577 (0.398)
Reorganize Departments x Unified Partisan Leg	–	–	0.304** (0.178)	0.404* (0.216)
Governor Can Reduce the Budget	1.054 (0.328)	–	1.161 (0.699)	–
Reduce Budget x Divided Partisan Leg	–	–	0.640 (0.674)	–
Reduce Budget x Unified Partisan Leg	–	–	0.503 (0.313)	–
Governor's Level of Budget Preparation Authority	1.403 (0.379)	–	1.217 (0.583)	1.336 (0.560)
Budget Preparation Authority x Divided Partisan Leg	–	–	4.41E–08*** (5.64E–08)	2.714 (2.193)
Budget Preparation Authority x Unified Partisan Leg	–	–	0.775 (0.452)	0.772 (0.402)
Divided Partisan Legislature Government (+)	0.680 (0.212)	0.669^{+} (0.196)	1.532 (2.978)	0.270^{+} (0.258)
Unified Partisan Legislature Government (+)	0.894 (0.232)	0.880 (0.216)	3.343 (3.192)	1.078 (0.600)
Governor Legacy Year (+)	1.034 (0.582)	0.913 (0.506)	1.058 (0.607)	0.973 (0.555)
Legislative Election Year (-)	1.122 (0.228)	1.142 (0.231)	1.493* (0.338)	1.458* (0.329)
Real General Expenditures (+)	1.000 (5.40E–09)	1.000 (5.16E–09)	1.000 (7.24E–09)	1.000 (5.63E–09)
Biennial (+)	0.433** (0.151)	0.523** (0.145)	0.458** (0.172)	0.502** (0.144)
No Balanced Budget Restriction (-)	1.033 (0.310)	0.985 (0.232)	1.064 (0.389)	1.098 (0.342)
Surplus (-)	1.037*** (0.011)	1.033*** (0.010)	1.026** (0.012)	1.037*** (0.011)
Pct Δ Real Per Capita Income (-)	0.970 (0.036)	0.984 (0.035)	0.992 (0.042)	0.992 (0.039)
Supermajority Requirement (+)	0.611 (0.279)	0.823 (0.300)	0.710 (0.329)	0.750 (0.303)

Table A.7 Continued				
Fiscal Year Begins (-)	1.433** (0.218)	1.314** (0.179)	1.266 (0.264)	1.309^{+} (0.216)
N × T (Effective Sample Size)	137	137	137	137
Number of States	23	23	23	23
AIC	1065.935	1062.459	1065.536	1065.171
BIC	1112.655	1100.419	1138.536	1123.570
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.8: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Shipan and Krupnikov Budgetary Powers Additive Index

Variables	Model 1	Model 2
Governor Can Spend Unanticipated Federal Funds	–0.673** (0.291)	–0.494 (0.402)
Spend Funds x Divided Partisan Leg	–	0.120 (0.523)
Spend Funds x Unified Partisan Leg	–	–0.502 (0.456)
Divided Partisan Legislature Government (+)	0.639^{+} (0.432)	0.261 (1.768)
Unified Partisan Legislature Government (+)	0.883** (0.374)	2.435* (1.481)
Governor Legacy Year (+)	–0.745 (0.799)	–0.782 (0.808)
Legislative Election Year (-)	0.080 (0.337)	0.082 (0.338)
Real General Expenditures (+)	9.95E–09 (1.57E–08)	8.80E–09 (1.59E–08)
Biennial (+)	0.855 (0.837)	0.876 (0.836)
No Balanced Budget Restriction (-)	–1.596** (0.770)	–1.615** (0.772)
Surplus (-)	–0.039** (0.017)	–0.039** (0.017)
Pct Δ Real Per Capita Income (-)	–0.150** (0.070)	–0.148** (0.069)
Supermajority Requirement (+)	2.262^{+} (1.661)	2.352^{+} (1.674)
Fiscal Year Begins (-)	–1.047* (0.559)	–1.027* (0.563)
Constant	6.795^{+} (4.255)	6.091^{+} (4.357)
N × T (Effective Sample Size)	787	787
Number of States	48	48
AIC	435.083	437.182
BIC	500.438	511.874
Panel-Level Variance	1.783 (0.404)	1.792 (0.403)
SD of Random Effects	2.438 (0.493)	2.450 (0.494)
Proportion of Total Variance Contributed by Panel-Level Variance	0.644 (0.093)	0.646 (0.092)

Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table A.9: Duration of Budget Impasse in the American States (1986 – 2006) – Shipan and Krupnikov Budgetary Powers Additive Index		
Variables	**Model 1**	**Model 2**
Governor Can Spend Unanticipated Federal Funds	0.792* (0.109)	1.018 (0.210)
Spend Funds x Divided Partisan Leg	–	0.829 (0.388)
Spend Funds x Unified Partisan Leg	–	0.634* (0.170)
Divided Partisan Legislature Government (+)	0.764 (0.219)	1.314 (1.992)
Unified Partisan Legislature Government (+)	0.967 (0.229)	3.856^{+} (3.278)
Governor Legacy Year (+)	0.939 (0.522)	0.887 (0.491)
Legislative Election Year (-)	1.027 (0.201)	0.998 (0.198)
Real General Expenditures (+)	1.000 (5.04E-09)	1.000 (5.26E-09)
Biennial (+)	0.368*** (0.092)	0.372*** (0.096)
No Balanced Budget Restriction (-)	0.917 (0.218)	0.841 (0.215)
Surplus (-)	1.033*** (0.010)	1.033*** (0.010)
Pct Δ Real Per Capita Income (-)	0.972 (0.033)	0.972 (0.035)
Supermajority Requirement (+)	0.747 (0.257)	0.768 (0.266)
Fiscal Year Begins (-)	1.266** (0.151)	1.272^{+} (0.199)
N × T (Effective Sample Size)	137	137
Number of States	23	23
AIC	1066.279	1067.442
BIC	1101.319	1108.322
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)		

Table A.10: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Squire Index				
Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–0.180 (0.473)	–	1.079 (0.981)	1.217 (0.956)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.385* (1.253)	–2.436** (1.216)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.611 (1.066)	–0.766 (1.062)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.810 (1.206)	–	–1.062 (1.751)	–0.571 (1.694)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.012 (1.644)	1.232 (1.450)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.156** (1.565)	2.981** (1.521)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.812 (0.863)	–	0.171 (1.424)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.519 (2.307)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.676 (1.755)	–
Governor Possesses Line Item Veto (-)	–0.414 (0.790)	–	–2.478** (1.256)	–2.460** (1.212)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	4.628** (1.939)	4.647** (1.875)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.286 (1.298)	1.445 (1.280)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.015* (1.569)	3.253** (1.616)	3.358* (1.857)	3.791** (1.811)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.240 (1.556)	–0.520 (1.364)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–0.179 (1.737)	–0.271 (1.674)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.639 (0.720)	–	–1.245 (1.059)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.369 (1.231)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.859 (1.147)	–
Squire Index (-)	11.178*** (2.430)	10.820*** (2.414)	12.434*** (3.597)	12.194*** (3.467)
Squire Index x Divided Partisan Leg (-)	–	–	–1.031 (3.651)	–1.390 (3.573)
Squire Index x Unified Partisan Leg (-)	–	–	–3.959 (3.536)	–3.248 (3.153)
Divided Partisan Legislature Government (+)	0.470 (0.435)	0.523 (0.434)	–2.123 (2.270)	–1.237 (2.100)
Unified Partisan Legislature Government (+)	1.093*** (0.383)	1.132*** (0.382)	1.030 (1.192)	1.031 (1.175)

Table A.10 Continued				
Governor Legacy Year (+)	–0.597 (0.70)	–0.594 (0.788)	–0.678 (0.828)	–0.616 (0.825)
Legislative Election Year (-)	0.009 (0.337)	0.005 (0.336)	–0.019 (0.353)	–0.022 (0.350)
Real General Expenditures (+)	–3.46E–09 (1.46E–08)	–2.45E–09 (1.47E–08)	1.17E–09 (1.65E–08)	–2.02E–09 (1.58E–08)
Biennial (+)	1.341* (0.749)	1.233* (0.739)	1.234^{+} (0.818)	1.021^{+} (0.763)
No Balanced Budget Restriction (-)	–1.056^{+} (0.717)	–0.979^{+} (0.732)	–1.118^{+} (0.773)	–0.993^{+} (0.753)
Surplus (-)	–0.034* (0.017)	–0.036** (0.017)	–0.037** (0.019)	–0.038** (0.019)
Pct Δ Real Per Capita Income (-)	–0.158** (0.068)	–0.167** (0.068)	–0.189** (0.075)	–0.191*** (0.074)
Supermajority Requirement (+)	1.413 (1.452)	1.299 (1.420)	1.738 (1.598)	1.604 (1.559)
Fiscal Year Begins (-)	–0.982** (0.471)	–0.960** (0.484)	–0.937* (0.506)	–0.930* (0.502)
Constant	2.124 (3.448)	1.317 (3.528)	2.390 (3.788)	1.872 (3.745)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	431.958	424.706	436.528	428.497
BIC	526.144	495.346	596.645	560.358
Panel-Level Variance	1.274 (0.413)	1.383 (0.397)	1.419 (0.427)	1.418 (0.408)
SD of Random Effects	1.891 (0.390)	1.996 (0.396)	2.033 (0.434)	2.032 (0.415)
Proportion of Total Variance Contributed by Panel-Level Variance	0.521 (0.103)	0.548 (0.098)	0.557 (0.105)	0.556 (0.101)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.11: Duration of Budget Impasse in the American States (1986 – 2006) – Squire Index

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.996 (0.319)	–	0.685 (0.483)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	2.485 (1.940)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.174 (0.936)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.998* (0.732)	1.570^{+} (0.533)	39.629*** (50.734)	32.435*** (39.201)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.043** (0.064)	0.054** (0.074)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.061** (0.084)	0.059** (0.077)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.421 (0.296)	–	0.104* (0.123)	0.148* (0.169)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	186.487*** (313.510)	75.761*** (120.357)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	217.264*** (391.152)	63.733*** (101.929)
Governor Possesses Line Item Veto (-)	0.663 (0.266)	–	1.085 (0.700)	–
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.215 (0.258)	–
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.682 (1.762)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.740 (0.882)	–	3.637^{+} (3.344)	2.934^{+} (2.094)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.205 (0.254)	0.445 (0.407)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.310 (2.296)	1.168 (0.762)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.477 (0.443)	–	1.082 (0.746)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.308 (1.205)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.427 (2.085)	–
Squire Index (-)	6.185** (5.020)	5.311** (4.288)	6.711^{+} (8.812)	7.435* (8.448)
Squire Index x Divided Partisan Leg (-)	–	–	0.847 (1.833)	0.854 (1.640)
Squire Index x Unified Partisan Leg (-)	–	–	0.085^{+} (0.161)	0.239 (0.358)
Divided Partisan Legislature Government (+)	0.581^{+} (0.196)	0.540** (0.167)	1.538 (2.676)	0.650 (0.622)
Unified Partisan Legislature Government (+)	0.777 (0.198)	0.809 (0.193)	0.612 (0.543)	1.134 (0.717)

Table A.11 Continued				
Governor Legacy Year (+)	1.151 (0.655)	1.135 (0.642)	0.852 (0.496)	1.021 (0.577)
Legislative Election Year (-)	1.045 (0.214)	1.033 (0.208)	1.260 (0.299)	1.190 (0.260)
Real General Expenditures (+)	1.000* (7.05E–09)	1.000* (5.64E–09)	1.000* (1.16E–08)	1.000** (6.71E–09)
Biennial (+)	0.206*** (0.077)	0.393*** (0.100)	0.128*** (0.060)	0.214*** (0.077)
No Balanced Budget Restriction (-)	1.355 (0.513)	1.272 (0.348)	1.198 (0.569)	0.895 (0.381)
Surplus (-)	1.042*** (0.012)	1.037*** (0.010)	1.046*** (0.014)	1.049*** (0.012)
Pct Δ Real Per Capita Income (-)	0.957 (0.036)	0.967 (0.035)	0.961 (0.043)	0.944^{+} (0.037)
Supermajority Requirement (+)	0.609 (0.329)	0.829 (0.285)	0.889 (0.762)	1.046 (0.401)
Fiscal Year Begins (-)	1.293* (0.197)	1.229* (0.148)	1.218 (0.223)	1.329** (0.167)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1097.982	1095.707	1103.075	1093.754
BIC	1150.931	1133.948	1197.207	1161.412
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.12: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Simple Divided Government

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.056 (0.479)	–	–0.057 (0.582)	–
Governor Budget Formulation Authority x Simple Divided Gov (-)	–	–	0.928 (0.826)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.805 (1.319)	–	–0.069 (1.449)	–0.023 (1.385)
Governor Binding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	2.477** (1.166)	2.108* (1.095)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.781 (0.856)	–	–0.545 (1.075)	–
Governor Nonbinding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	–0.961 (1.514)	–
Governor Possesses Line Item Veto (-)	–0.500 (0.832)	–	–0.095 (0.920)	–
Governor Line Item Veto x Simple Divided Gov (-)	–	–	–1.311 (1.024)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.751** (1.760)	3.822** (1.759)	3.655** (1.862)	3.581** (1.800)
Legislature Binding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	0.604 (1.343)	1.137 (1.181)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.267 (0.700)	–	0.098 (0.747)	–
Legislature Nonbinding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	0.522 (0.871)	–
Legislature Session Length (-)	0.014** (0.007)	0.014** (0.007)	0.014* (0.007)	0.013* (0.007)
Legislature Session Length x Simple Divided Gov (-)	–	–	0.005 (0.011)	1.137 (1.181)
Simple Divided Government (+)	0.703** (0.332)	0.704** (0.329)	0.199 (1.265)	0.252 (0.883)
Governor Legacy Year (+)	–0.616 (0.782)	–0.648 (0.779)	–0.535 (0.804)	–0.564 (0.790)
Legislative Election Year (-)	0.170 (0.331)	0.170 (0.331)	0.157 (0.338)	0.164 (0.334)
Real General Expenditures (+)	4.20E–09 (1.41E–08)	4.30E–09 (1.40E–08)	–9.92E–10 (1.51E–08)	1.70E–09 (1.45E–08)
Biennial (+)	0.636 (0.766)	0.675 (0.756)	0.658 (0.801)	0.645 (0.756)
No Balanced Budget Restriction (-)	–1.688** (0.739)	–1.731** (0.738)	–1.733** (0.764)	–1.703** (0.738)
Surplus (-)	–0.032* (0.017)	–0.033* (0.017)	–0.031* (0.018)	–0.032* (0.017)
Pct Δ Real Per Capita Income (-)	–0.152** (0.067)	–0.157** (0.068)	–0.162** (0.071)	–0.156** (0.069)
Supermajority Requirement (+)	2.090^{+} (1.573)	2.012^{+} (1.516)	2.467^{+} (1.650)	2.272^{+} (1.529)

Table A.12 Continued				
Fiscal Year Begins (-)	–0.838* (0.505)	–0.824^{+} (0.508)	–0.901* (0.528)	–0.875* (0.514)
Constant	2.597 (3.744)	2.236 (3.738)	3.056 (3.961)	2.716 (3.779)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	452.908	444.834	458.953	447.616
BIC	542.385	510.764	581.395	532.384
Panel-Level Variance	1.531 (0.432)	1.574 (0.421)	1.613 (0.440)	1.573 (0.426)
SD of Random Effects	2.150 (0.464)	2.197 (0.462)	2.241 (0.494)	2.196 (0.468)
Proportion of Total Variance Contributed by Panel-Level Variance	0.584 (0.105)	0.595 (0.101)	0.604 (0.105)	0.594 (0.103)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.13: Duration of Budget Impasse in the American States (1986 – 2006) – Simple Divided Government

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.926 (0.291)	–	1.225 (0.470)	–
Governor Budget Formulation Authority x Simple Divided Gov (-)	–	–	0.559 (0.313)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.636^{+} (0.572)	1.481 (0.497)	1.455 (0.720)	–
Governor Binding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	1.258 (0.937)	–
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.603 (0.405)	–	0.267^{+} (0.229)	0.397 (0.318)
Governor Nonbinding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	72.582*** (114.226)	16.441** (22.355)
Governor Possesses Line Item Veto (-)	0.739 (0.299)	–	0.761 (0.356)	–
Governor Line Item Veto x Simple Divided Gov (-)	–	–	2.887 (2.496)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	2.126^{+} (1.042)	2.349** (0.935)	1.729 (0.985)	1.825^{+} (0.847)
Legislature Binding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	5.529* (4.989)	1.867 (1.017)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.374 (0.433)	–	1.291 (0.429)	–
Legislature Nonbinding Revenue Forecast Authority x Simple Divided Gov (-)	–	–	1.616 (0.962)	–
Legislature Session Length (-)	0.998 (0.003)	–	1.000 (0.003)	0.998 (0.003)
Legislature Session Length x Simple Divided Gov (-)	–	–	0.990* (0.006)	0.994 (0.005)
Simple Divided Government (+)	1.048 (0.221)	1.034 (0.211)	1.053 (0.897)	1.680 (0.934)
Governor Legacy Year (+)	1.000 (0.555)	1.037 (0.572)	0.816 (0.457)	0.960 (0.525)
Legislative Election Year (-)	1.043 (0.213)	1.024 (0.202)	1.070 (0.223)	1.036 (0.204)
Real General Expenditures (+)	1.000 (6.87E–09)	1.000** (5.75E–09)	1.000* (7.64E–09)	1.000^{+} (5.56E–09)
Biennial (+)	0.203*** (0.074)	0.272*** (0.076)	0.145*** (0.059)	0.232*** (0.069)
No Balanced Budget Restriction (-)	0.882 (0.309)	0.689 (0.205)	0.979 (0.395)	0.715 (0.239)
Surplus (-)	1.037*** (0.011)	1.033*** (0.010)	1.034*** (0.011)	1.036*** (0.010)
Pct Δ Real Per Capita Income (-)	0.966 (0.036)	0.954^{+} (0.033)	0.977 (0.040)	0.962 (0.034)
Supermajority Requirement (+)	0.710 (0.391)	1.138 (0.407)	0.948 (0.617)	1.027 (0.362)

Table A.13 Continued				
Fiscal Year Begins (-)	1.275^{+} (0.217)	1.250* (0.147)	1.263^{+} (0.226)	1.330** (0.174)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1101.359	1095.439	1105.085	1095.990
BIC	1151.367	1130.739	1175.684	1143.056
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.14: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Term Limits

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.0005 (0.479)	–	1.361^{+} (0.946)	1.305^{+} (0.937)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.718** (1.187)	–2.708** (1.178)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.685 (1.072)	–0.743 (1.061)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.774 (1.304)	–	–1.405 (1.777)	–1.330 (1.776)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.278^{+} (1.611)	2.206^{+} (1.584)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.650** (1.541)	3.697** (1.538)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.692 (0.866)	–	–0.155 (1.377)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.310 (2.263)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.242 (1.750)	–
Governor Possesses Line Item Veto (-)	–0.462 (0.830)	–	–2.003* (1.175)	–2.074* (1.163)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.769** (1.753)	3.827** (1.748)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.223 (1.162)	0.432 (1.143)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.760** (1.736)	3.821** (1.740)	3.869* (1.987)	3.949** (1.986)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–0.141 (1.549)	–0.219 (1.514)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.194 (1.595)	0.327 (1.584)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.237 (0.692)	–	–0.769 (0.990)	–0.731 (0.970)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.796^{+} (1.171)	1.753^{+} (1.133)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.176 (0.989)	1.317^{+} (0.982)
Legislature Session Length (-)	0.013** (0.007)	0.013* (0.007)	0.023* (0.012)	0.023* (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.016 (0.013)	–0.016 (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.003 (0.013)	–0.004 (0.013)
Divided Partisan Legislature Government (+)	0.659^{+} (0.430)	0.694^{+} (0.428)	0.052 (2.290)	0.069 (2.247)
Unified Partisan Legislature Government (+)	0.919** (0.364)	0.933*** (0.361)	0.881 (1.489)	0.761 (1.472)

Table A.14 Continued				
Reelection Eligible (-)	–0.175 (0.413)	–0.206 (0.411)	–0.172 (0.468)	–0.149 (0.469)
Governor Legacy Year (+)	–0.499 (0.840)	–0.502 (0.839)	–0.655 (0.893)	–0.642 (0.892)
Legislative Election Year (-)	0.135 (0.333)	0.132 (0.334)	0.101 (0.350)	0.089 (0.349)
Real General Expenditures (+)	6.44E–09 (1.40E–08)	6.45E–09 (1.39E–08)	1.35E–08 (1.54E–08)	1.45E–08 (1.53E–08)
Biennial (+)	0.598 (0.765)	0.645 (0.756)	0.543 (0.815)	0.442 (0.807)
No Balanced Budget Restriction (-)	–1.645** (0.734)	–1.681** (0.734)	–1.712** (0.773)	–1.730** (0.778)
Surplus (-)	–0.033* (0.017)	–0.034** (0.017)	–0.039** (0.019)	–0.040** (0.018)
Pct Δ Real Per Capita Income (-)	–0.151** (0.067)	–0.155** (0.068)	–0.168** (0.073)	–0.174** (0.073)
Supermajority Requirement (+)	2.113^{+} (1.554)	2.071^{+} (1.502)	2.083 (1.646)	1.863 (1.633)
Fiscal Year Begins (-)	–0.784^{+} (0.497)	–0.775^{+} (0.502)	–0.724^{+} (0.515)	–0.713^{+} (0.519)
Constant	1.883 (3.720)	1.480 (3.720)	1.329 (4.023)	1.373 (4.050)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	454.433	446.000	453.598	449.113
BIC	553.329	521.349	618.424	599.811
Panel-Level Variance	1.498 (0.427)	1.547 (0.417)	1.528 (0.439)	1.557 (0.431)
SD of Random Effects	2.115 (0.452)	2.168 (0.452)	2.147 (0.471)	2.178 (0.469)
Proportion of Total Variance Contributed by Panel-Level Variance	0.576 (0.104)	0.588 (0.101)	0.583 (0.107)	0.590 (0.104)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.15: Duration of Budget Impasse in the American States (1986 – 2006) – Term Limits

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.898 (0.283)	–	0.592 (0.417)	0.571 (0.403)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	2.729^{+} (2.138)	2.785^{+} (2.176)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.224 (0.968)	1.596 (1.247)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.787^{+} (0.653)	1.444 (0.488)	35.870*** (43.097)	28.503*** (33.768)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.036** (0.050)	0.046** (0.064)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.057** (0.075)	0.083* (0.107)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.490 (0.343)	–	0.084** (0.095)	0.069** (0.077)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	196.701*** (321.287)	207.577*** (332.366)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	200.608*** (365.306)	154.700*** (281.317)
Governor Possesses Line Item Veto (-)	0.812 (0.346)	–	1.538 (1.016)	1.245 (0.753)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.094* (0.130)	0.125^{+} (0.158)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.376 (1.320)	0.780 (0.706)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.939 (1.021)	–	3.411^{+} (2.881)	2.400 (1.922)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.123* (0.151)	0.153^{+} (0.184)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.188 (2.179)	1.707 (1.655)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.368 (0.437)	–	0.779 (0.518)	0.847 (0.539)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.112 (1.834)	2.065 (1.761)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.907^{+} (2.376)	3.274^{+} (2.691)
Legislature Session Length (-)	0.998 (0.003)	–	0.998 (0.005)	–
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.003 (0.007)	–
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.992 (0.006)	–
Divided Partisan Legislature Government (+)	0.696 (0.234)	0.629^{+} (0.189)	2.057 (3.124)	2.001 (3.013)
Unified Partisan Legislature Government (+)	0.887 (0.228)	0.873 (0.206)	0.678 (0.648)	0.395 (0.322)

Table A.15 Continued				
Reelection Eligible (-)	1.046 (0.325)	1.193 (0.340)	1.409 (0.488)	1.383 (0.468)
Governor Legacy Year (+)	0.922 (0.564)	0.853 (0.513)	0.556 (0.350)	0.620 (0.390)
Legislative Election Year (-)	1.079 (0.223)	1.100 (0.218)	1.300 (0.291)	1.354^{+} (0.296)
Real General Expenditures (+)	1.000 (6.88E–09)	1.000 (5.24E–09)	1.000^{+} (1.09E–08)	1.000^{+} (1.05E–08)
Biennial (+)	0.219*** (0.083)	0.368*** (0.094)	0.140*** (0.063)	0.122*** (0.053)
No Balanced Budget Restriction (-)	0.943 (0.333)	0.929 (0.225)	1.001 (0.415)	1.281 (0.503)
Surplus (-)	1.040*** (0.011)	1.037*** (0.010)	1.041*** (0.013)	1.045*** (0.013)
Pct Δ Real Per Capita Income (-)	0.975 (0.037)	0.975 (0.035)	0.991 (0.042)	0.986 (0.039)
Supermajority Requirement (+)	0.696 (0.395)	0.879 (0.299)	0.915 (0.768)	0.596 (0.488)
Fiscal Year Begins (-)	1.218 (0.227)	1.218^{+} (0.158)	1.188 (0.265)	1.208 (0.234)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1104.167	1099.514	1104.150	1102.261
BIC	1160.058	1137.755	1201.224	1190.511

Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table A.16: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Previous Vote Share

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–0.002 (0.486)	–	1.417^{+} (0.962)	1.365^{+} (0.955)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.845** (1.210)	–2.832** (1.203)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.691 (1.095)	–0.748 (1.086)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.886 (1.341)	–	–1.218 (1.826)	–1.163 (1.825)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.031 (1.630)	2.001 (1.604)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.598** (1.572)	3.653** (1.568)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.637 (0.870)	–	–0.056 (1.378)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.060 (2.326)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.203 (1.754)	–
Governor Possesses Line Item Veto (-)	–0.515 (0.843)	–	–2.225* (1.168)	–2.278** (1.1566)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	4.306** (1.848)	4.368** (1.847)
Governor Line Item Veto x Unified Patisan Leg (-)	–	–	0.594 (1.209)	0.797 (1.189)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.522* (1.810)	3.554** (1.814)	3.0383^{+} (2.136)	3.097^{+} (2.140)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.867 (1.741)	0.862 (1.721)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.311 (1.788)	1.460 (1.782)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.337 (0.707)	–	–0.686 (1.008)	–0.658 (0.989)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.800^{+} (1.186)	1.794^{+} (1.153)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.191 (0.999)	1.317^{+} (0.992)
Legislature Session Length (-)	0.015** (0.007)	0.014** (0.007)	0.028** (0.012)	0.027** (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.021^{+} (0.014)	–0.021^{+} (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.007 (0.013)	–0.008 (0.013)
Divided Partisan Legislature Government (+)	0.658^{+} (0.439)	0.692^{+} (0.438)	0.001 (2.352)	–0.046 (2.316)
Unified Partisan Legislature Government (+)	0.891** (0.371)	0.902** (0.368)	0.784 (1.506)	0.669 (1.490)

Table A.16 Continued				
Previous General Election Vote Share	–0.014 (0.020)	–0.014 (0.020)	–0.025 (0.023)	–0.027 (0.023)
Governor Legacy Year (+)	–0.571 (0.789)	–0.608 (0.784)	–0.541 (0.834)	–0.504 (0.832)
Legislative Election Year (-)	0.138 (0.339)	0.139 (0.339)	0.047 (0.356)	0.036 (0.355)
Real General Expenditures (+)	2.74E–09 (1.44E–08)	2.49E–09 (1.44E–08)	8.53E–09 (1.59E–08)	9.23E–09 (1.58E–08)
Biennial (+)	0.553 (0.785)	0.623 (0.777)	0.469 (0.838)	0.370 (0.829)
No Balanced Budget Restriction (-)	–1.673** (0.749)	–1.721** (0.751)	–1.792** (0.791)	–1.814** (0.796)
Surplus (-)	–0.035* (0.018)	–0.037** (0.018)	–0.038* (0.020)	–0.038* (0.020)
Pct Δ Real Per Capita Income (-)	–0.165** (0.070)	–0.169** (0.071)	–0.191** (0.078)	–0.196** (0.078)
Supermajority Requirement (+)	2.182^{+} (1.598)	2.178^{+} (1.551)	2.265^{+} (1.704)	2.080 (1.696)
Fiscal Year Begins (-)	–0.788^{+} (0.513)	–0.786^{+} (0.519)	–0.753^{+} (0.534)	–0.744^{+} (0.540)
Constant	2.856 (3.978)	2.526 (4.019)	2.983 (4.378)	3.136 (4.408)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	445.154	436.836	443.905	439.059
BIC	543.817	512.008	608.345	589.403
Panel-Level Variance	1.564 (0.429)	1.616 (0.418)	1.608 (0.440)	1.638 (0.432)
SD of Random Effects	2.186 (0.469)	2.244 (0.469)	2.235 (0.491)	2.268 (0.490)
Proportion of Total Variance Contributed by Panel-Level Variance	0.592 (0.104)	0.605 (0.100)	0.603 (0.105)	0.610 (0.103)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.17: Duration of Budget Impasse in the American States (1986 – 2006) – Previous Vote Share				
Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.855 (0.272)	–	0.643 (0.452)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	2.034 (1.582)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.085 (0.846)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.744^{+} (0.656)	1.458 (0.504)	35.640*** (43.122)	17.160*** (18.964)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.045** (0.062)	0.116* (0.145)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.054** (0.072)	0.083** (0.103)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.505 (0.353)	–	0.094** (0.107)	0.087** (0.095)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	148.705*** (243.197)	91.958*** (144.578)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	227.053*** (411.690)	66.826*** (106.540)
Governor Possesses Line Item Veto (-)	0.729 (0.314)	–	0.987 (0.676)	–
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.213 (0.278)	–
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	1.681 (1.635)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.684 (0.848)	–	2.346 (2.090)	–
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.267 (0.327)	–
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.001 (3.060)	–
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.247 (0.410)	–	0.731 (0.490)	0.532 (0.285)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.082 (1.835)	3.138* (2.045)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.870^{+} (2.352)	2.788* (1.729)
Legislature Session Length (-)	0.997 (0.003)	–	1.000 (0.005)	0.998 (0.004)
Legislature Session Length x Divided Partisan Leg (-)	–	–	1.000 (0.007)	0.998 (0.006)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.990^{+} (0.007)	0.993 (0.006)
Divided Partisan Legislature Government (+)	0.682 (0.229)	0.639^{+} (0.195)	1.565 (2.396)	0.391 (0.307)
Unified Partisan Legislature Government (+)	0.930 (0.246)	0.924 (0.225)	0.749 (0.724)	1.136 (0.744)

Table A.17 Continued				
Previous General Election Vote Share	1.004 (0.015)	1.004 (0.015)	1.002 (0.016)	1.004 (0.015)
Governor Legacy Year (+)	0.898 (0.504)	0.935 (0.522)	0.700 (0.398)	0.801 (0.448)
Legislative Election Year (-)	1.042 (0.222)	1.062 (0.218)	1.192 (0.272)	1.239 (0.263)
Real General Expenditures (+)	1.000 (7.09E–09)	1.000 (5.20E–09)	1.000 (1.09E–08)	1.000 (5.94E–09)
Biennial (+)	0.220*** (0.086)	0.358*** (0.092)	0.133*** (0.062)	0.247*** (0.090)
No Balanced Budget Restriction (-)	0.926 (0.329)	0.960 (0.232)	0.973 (0.412)	1.175 (0.396)
Surplus (-)	1.043*** (0.013)	1.037*** (0.011)	1.046*** (0.015)	1.041*** (0.013)
Pct Δ Real Per Capita Income (-)	0.986 (0.042)	0.991 (0.040)	0.997 (0.046)	1.012 (0.045)
Supermajority Requirement (+)	0.614 (0.349)	0.855 (0.294)	0.732 (0.638)	0.655 (0.255)
Fiscal Year Begins (-)	1.267^{+} (0.234)	1.246* (0.157)	1.264 (0.281)	1.219 (0.222)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1065.867	1060.738	1068.573	1060.201
BIC	1121.208	1098.603	1164.690	1130.105
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.18: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Progressive Ambition

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.010 (0.477)	–	1.390^{+} (0.936)	1.343^{+} (0.928)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.733** (1.180)	–2.734** (1.170)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.698 (1.068)	–0.773 (1.058)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.793 (1.301)	–	–1.513 (1.777)	–1.426 (1.776)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.296^{+} (1.608)	2.216^{+} (1.581)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.930** (1.575)	3.961** (1.569)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.693 (0.864)	–	–0.266 (1.370)	–
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.384 (2.267)	–
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–1.1288 (1.750)	–
Governor Possesses Line Item Veto (-)	–0.451 (0.840)	–	–1.860^{+} (1.176)	–1.947* (1.164)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	3.583** (1.713)	3.665** (1.714)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.166 (1.169)	0.396 (1.149)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	3.780** (1.736)	3.834** (1.736)	3.938** (1.973)	4.038** (1.977)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–0.197 (1.517)	–0.282 (1.482)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.347 (1.633)	0.459 (1.623)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.257 (0.692)	–	–0.797 (0.986)	–0.744 (0.966)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.839^{+} (1.167)	1.787^{+} (1.131)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.254 (0.990)	1.380^{+} (0.982)
Legislature Session Length (-)	0.014** (0.007)	0.013** (0.007)	0.022* (0.012)	0.022* (0.012)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.015 (0.013)	–0.015 (0.013)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.001 (0.013)	–0.002 (0.013)
Divided Partisan Legislature Government (+)	0.647^{+} (0.429)	0.683^{+} (0.427)	0.151 (2.255)	0.174 (2.213)
Unified Partisan Legislature Government (+)	0.904** (0.365)	0.913** (0.363)	0.655 (1.493)	0.564 (1.475)

Table A.18 Continued				
Progressive Ambition	–0.124 (0.440)	–0.152 (0.436)	–0.413 (0.495)	–0.409 (0.493)
Governor Legacy Year (+)	0.152 (0.332)	–0.659 (0.776)	–0.797 (0.820)	–0.765 (0.819)
Legislative Election Year (-)	0.152 (0.332)	0.153 (0.332)	0.127 (0.348)	0.113 (0.347)
Real General Expenditures (+)	5.90E–09 (1.40E–08)	5.91E–09 (1.39E–08)	1.20E–08 (1.54E–08)	1.32E–08 (1.53E–08)
Biennial (+)	0.582 (0.763)	0.627 (0.753)	0.551 (0.810)	0.447 (0.803)
No Balanced Budget Restriction (-)	–1.655** (0.733)	–1.695** (0.732)	–1.719** (0.769)	–1.738** (0.774)
Surplus (-)	–0.033* (0.017)	–0.034** (0.017)	–0.039** (0.019)	–0.040** (0.018)
Pct Δ Real Per Capita Income (-)	–0.151** (0.068)	–0.155** (0.068)	–0.162** (0.074)	–0.167** (0.074)
Supermajority Requirement (+)	2.105^{+} (1.552)	2.052^{+} (1.500)	2.127^{+} (1.645)	1.887 (1.632)
Fiscal Year Begins (-)	–0.779^{+} (0.497)	–0.767^{+} (0.501)	–0.707^{+} (0.513)	–0.694^{+} (0.519)
Constant	1.989 (3.703)	1.624 (3.699)	1.372 (3.987)	1.366 (4.020)
N × T (Effective Sample Size)	820	820	820	820
Number of States	48	48	48	48
AIC	454.535	446.133	453.023	448.510
BIC	553.430	521.482	617.849	599.207
Panel-Level Variance	1.494 (0.427)	1.541 (0.417)	1.519 (0.434)	1.552 (0.427)
SD of Random Effects	2.111 (0.451)	2.161 (0.450)	2.137 (0.464)	2.173 (0.464)
Proportion of Total Variance Contributed by Panel-Level Variance	0.575 (0.104)	0.587 (0.101)	0.581 (0.106)	0.589 (0.103)
Notes: Estimates for random-effects logit model for cross-sectional time-series dataset. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.19: Duration of Budget Impasse in the American States (1986 – 2006) – Progressive Ambition

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	0.873 (0.275)	–	0.369+ (0.271)	0.369+ (0.271)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	3.328+ (2.607)	3.328+ (2.607)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	2.065 (1.684)	2.065 (1.684)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.767+ (0.643)	1.425 (0.482)	67.210*** (81.693)	67.210*** (81.693)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.028*** (0.038)	0.028*** (0.038)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.024*** (0.032)	0.024*** (0.032)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.528 (0.372)	–	0.139* (0.159)	0.139* (0.159)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	148.990*** (243.602)	148.990*** (243.602)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	175.088*** (317.860)	175.088*** (317.860)
Governor Possesses Line Item Veto (-)	0.770 (0.324)	–	1.360 (0.900)	1.360 (0.900)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.109* (0.140)	0.109* (0.140)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	0.963 (0.927)	0.963 (0.927)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.871 (0.920)	–	4.346* (3.668)	4.346* (3.668)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.059** (0.072)	0.059** (0.072)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.051 (2.041)	2.051 (2.041)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.396 (0.446)	–	0.701 (0.479)	0.701 (0.479)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.524 (2.163)	2.524 (2.163)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.374+ (2.795)	3.374+ (2.795)
Legislature Session Length (-)	0.998 (0.003)	–	1.003 (0.005)	1.003 (0.005)
Legislature Session Length x Divided Partisan Leg (-)	–	–	0.997 (0.007)	0.997 (0.007)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.987* (0.007)	0.987* (0.007)
Divided Partisan Legislature Government (+)	0.726 (0.240)	0.683 (0.205)	3.264 (4.907)	3.264 (4.907)
Unified Partisan Legislature Government (+)	0.945 (0.256)	0.947 (0.233)	1.236 (1.243)	1.236 (1.243)

Table A.19 Continued				
Progressive Ambition	1.328 (0.425)	1.531 (0.453)	2.472 (2.354)	2.472 (2.354)
Governor Legacy Year (+)	0.962 (0.538)	0.992 (0.551)	0.737 (0.414)	0.737 (0.414)
Legislative Election Year (-)	1.066 (0.220)	1.082 (0.214)	1.283 (0.285)	1.283 (0.285)
Real General Expenditures (+)	1.000 (6.92E–09)	1.000 (5.04E–09)	1.000 (1.03E–08)	1.000 (1.03E–08)
Biennial (+)	0.205*** (0.080)	0.345*** (0.090)	0.109*** (0.050)	0.109*** (0.050)
No Balanced Budget Restriction (-)	0.953 (0.333)	0.952 (0.223)	0.850 (0.337)	0.850 (0.337)
Surplus (-)	1.040*** (0.011)	1.036*** (0.010)	1.047*** (0.014)	1.047*** (0.014)
Pct Δ Real Per Capita Income (-)	0.967 (0.038)	0.967 (0.035)	0.946 (0.042)	0.946 (0.042)
Supermajority Requirement (+)	0.641 (0.363)	0.872 (0.296)	0.699 (0.592)	0.699 (0.592)
Fiscal Year Begins (-)	1.258 (0.235)	1.239* (0.155)	1.343^{+} (0.297)	1.343^{+} (0.297)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	1103.424	1097.928	1095.697	1095.697
BIC	1159.315	1136.169	1192.771	1192.771
Notes: Estimates for Cox proportional hazards survival analysis. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.20: Variable Descriptions						
Variable Name	*Mean*	*Min*	*Max*	*Overall Standard Deviation*	*Between Standard Deviation*	*Within Standard Deviation*
Governor Possesses Budget Formulation Authority	0.804	0	1	0.397	0.295	0.272
Governor Possesses Official Revenue Forecast Authority – Binds Budget	0.088	0	1	0.283	0.309	0
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget	0.094	0	1	0.292	0.284	0.149
Governor Possesses Line Item Veto	0.863	0	1	0.344	0.332	0.147
Legislature Possesses Official Revenue Forecast Authority – Binds Budget	0.051	0	1	0.220	0.202	0
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget	0.291	0	1	0.455	0.439	0.148
Legislature Session Length	70.607	19	260.714	35.429	30.779	16.505
Divided Partisan Legislature Government	0.232	0	1	0.422	0.265	0.330
Unified Partisan Legislature Government	0.343	0	1	0.475	0.243	0.407
Governor Legacy Year	0.050	0	1	0.218	0.049	0.212
Legislative Election Year	0.402	0	1	0.491	0.256	0.441
Real General Expenditures	16,000,000	1,334,548	131,000,000	18,400,000	16,400,000	6,385,250
Biennial	0.274	0	1	0.446	0.476	0.132
No Balanced Budget Restriction	0.547	0	1	0.498	0.499	0.047
Surplus	7.544	-38.844	55.532	8.955	3.355	8.319
Pct Δ Real Per Capita Income	2.022	-13.089	9.643	2.147	0.400	2.115
Supermajority Requirement	0.063	0	1	0.244	0.245	0
Fiscal Year Begins	7.101	4	10	0.855	0.805	0

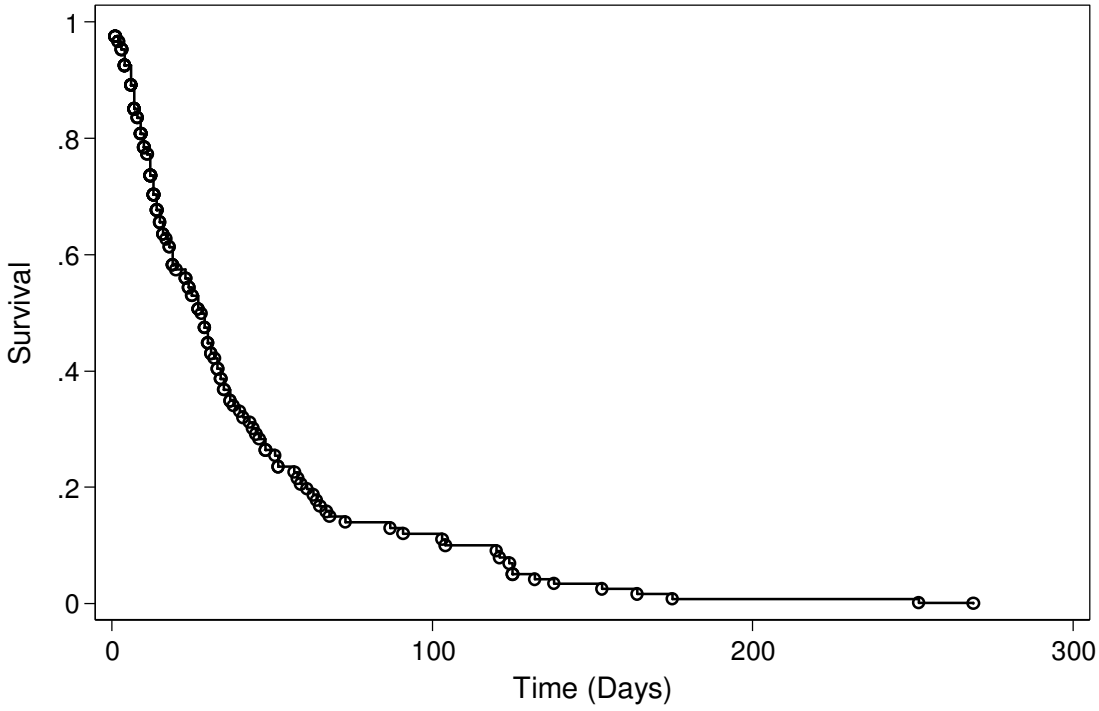

Figure A.1: Baseline Hazard Rate

Table A.21: Duration of Budget Impasse in the American States (1986 – 2006) – Parametric Model

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	1.049 (0.382)	–	0.783 (0.657)	–
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	2.254 (2.180)	–
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	1.081 (1.002)	–
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.875 (1.605)	–	29.024** (38.831)	13.963* (19.401)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.047** (0.065)	0.129^{+} (0.163)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.178 (0.252)	0.171^{+} (0.229)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	1.384 (1.223)	–	0.279 (0.373)	0.383 (0.492)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	38.817* (79.455)	13.828^{+} (27.470)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	161.029** (341.995)	15.895^{+} (32.685)
Governor Possesses Line Item Veto (-)	0.575 (0.320)	–	1.058 (0.878)	–
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	0.203 (0.288)	–
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	2.792 (3.259)	–
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	1.212 (1.184)	–	3.342 (3.444)	2.174 (2.274)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.086* (0.117)	0.338^{+} (0.277)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	5.337^{+} (6.350)	1.804 (1.243)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	2.008^{+} (0.912)	1.664 (0.718)	2.523 (2.711)	–
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	0.656 (0.771)	–
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	2.653 (2.364)	–
Legislature Session Length (-)	0.993* (0.004)	0.992** (0.003)	1.000 (0.006)	1.001 (0.004)
Legislature Session Length x Divided Partisan Leg (-)	–	–	0.991 (0.008)	0.984** (0.006)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.983** (0.007)	0.987** (0.007)
Divided Partisan Legislature Government (+)	0.598^{+} (0.233)	0.537* (0.199)	8.419 (14.146)	3.355* (2.401)
Unified Partisan Legislature Government (+)	0.943 (0.285)	0.921 (0.269)	0.986 (0.964)	2.793^{+} (1.944)

Table A.21 Continued				
Governor Legacy Year (+)	0.749 (0.424)	0.737 (0.417)	0.636 (0.361)	0.691 (0.388)
Legislative Election Year (-)	1.212 (0.270)	1.219 (0.268)	1.218 (0.291)	1.311 (0.301)
Real General Expenditures (+)	1.000^{+} (9.51E–09)	1.000* (8.86E–09)	1.000** (1.14E–08)	1.000* (9.31E–09)
Biennial (+)	0.106*** (0.072)	0.145*** (0.092)	0.046*** (0.037)	0.114*** (0.070)
No Balanced Budget Restriction (-)	1.974 (1.231)	2.154^{+} (1.246)	2.159 (1.451)	1.106 (0.742)
Surplus (-)	1.033*** (0.013)	1.030** (0.012)	1.044*** (0.015)	1.039*** (0.013)
Pct Δ Real Per Capita Income (-)	0.996 (0.041)	0.994 (0.040)	0.980 (0.043)	0.967 (0.039)
Supermajority Requirement (+)	0.367 (0.354)	0.453 (0.392)	0.615 (0.697)	0.725 (0.608)
Fiscal Year Begins (-)	1.341 (0.326)	1.276 (0.282)	1.202 (0.285)	1.183 (0.251)
Constant	0.015** (0.030)	0.017** (0.033)	0.009** (0.016)	0.013** (0.022)
N × T (Effective Sample Size)	140	140	140	140
Number of States	23	23	23	23
AIC	441.269	432.815	443.361	436.563
BIC	503.043	479.881	546.318	513.046
Notes: Estimates for parametric survival analysis with a Weibull distribution. Failure = when a state adopts its budget for the next fiscal year bringing the budget impasse to an end. Coefficients are hazard ratios, followed by standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.22: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Basic Model: Logit

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–0.355 (0.332)	–	0.877 (0.770)	0.877 (0.770)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–2.158** (0.995)	–2.158** (0.995)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	–0.992 (0.865)	–0.992 (0.865)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	0.430 (0.413)	–	–1.966* (1.122)	–1.966* (1.122)
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	3.588*** (1.354)	3.588*** (1.354)
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	3.031** (1.271)	3.031** (1.271)
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–1.283* (0.660)	–1.295** (0.647)	–1.660^{+} (1.097)	–1.660^{+} (1.097)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.686 (1.617)	1.686 (1.617)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–0.272 (1.516)	–0.272 (1.516)
Governor Possesses Line Item Veto (-)	–0.203 (0.365)	–	–0.871^{+} (0.596)	–0.871^{+} (0.596)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	2.134** (1.050)	2.134** (1.050)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	–0.153 (0.831)	–0.153 (0.831)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	2.556*** (0.486)	2.557*** (0.444)	1.768** (0.706)	1.768** (0.706)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	1.186 (1.052)	1.186 (1.052)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	1.225 (1.149)	1.225 (1.149)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–0.380 (0.314)	–	–1.563*** (0.601)	–1.563*** (0.601)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	3.201*** (0.889)	3.201*** (0.889)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	0.722 (0.757)	0.722 (0.757)
Legislature Session Length (-)	0.018*** (0.004)	0.018*** (0.004)	0.024*** (0.008)	0.024*** (0.008)
Legislature Session Length x Divided Partisan Leg (-)	–	–	–0.017* (0.010)	–0.017* (0.010)
Legislature Session Length x Unified Partisan Leg (-)	–	–	–0.001 (0.010)	–0.001 (0.010)
Divided Partisan Legislature Government (+)	0.276 (0.318)	0.336 (0.315)	0.006 (1.594)	0.006 (1.594)
Unified Partisan Legislature Government (+)	0.746*** (0.287)	0.763*** (0.284)	1.217 (1.263)	1.217 (1.263)

Table A.22 Continued				
Governor Legacy Year (+)	–0.380 (0.645)	–0.341 (0.646)	–0.714 (0.676)	–0.714 (0.676)
Legislative Election Year (-)	0.031 (0.260)	0.025 (0.258)	0.034 (0.274)	0.034 (0.274)
Real General Expenditures (+)	1.28E–08* (7.74E–09)	1.17E–08* (7.09E–09)	2.01E–08** (8.25E–09)	2.01E–08** (8.25E–09)
Biennial (+)	0.581** (0.285)	0.558** (0.266)	0.729** (0.313)	0.729** (0.313)
No Balanced Budget Restriction (-)	–1.443*** (0.295)	–1.293*** (0.282)	–1.404*** (0.313)	–1.404*** (0.313)
Surplus (-)	-0.016^{+} (0.012)	-0.016^{+} (0.012)	-0.017^{+} (0.013)	-0.017^{+} (0.013)
Pct Δ Real Per Capita Income (-)	–0.114** (0.050)	–0.116** (0.050)	–0.139*** (0.052)	–0.139*** (0.052)
Supermajority Requirement (+)	1.339** (0.565)	1.505*** (0.480)	1.287** (0.650)	1.287** (0.650)
Fiscal Year Begins (-)	–0.610*** (0.193)	–0.567*** (0.176)	–0.595*** (0.209)	–0.595*** (0.209)
Constant	1.734 (1.462)	0.832 (1.351)	1.143 (1.790)	1.1436 (1.790)
N × T (Effective Sample Size)	820	820	820	820
AIC	545.283	542.565	534.501	534.501
BIC	634.759	613.204	689.908	689.908
Notes: Estimates for logit model. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.23: Duration of Budget Impasse in the American States (1986 – 2006) – Basic Model OLS

Variables	Model 1	Model 2	Model 3	Model 4
Gubernatorial Institutional Powers				
Governor Possesses Budget Formulation Authority (-)	–4.356** (2.071)	–4.344** (2.054)	1.122 (3.176)	0.720 (3.116)
Governor Budget Formulation Authority x Divided Partisan Leg (-)	–	–	–16.800*** (5.071)	–17.206*** (4.970)
Governor Budget Formulation Authority x Unified Partisan Leg (-)	–	–	0.804 (4.60)	1.033 (4.556)
Governor Possesses Official Revenue Forecast Authority – Binds Budget (-)	–1.254 (2.803)	–	–2.775 (4.029)	–
Governor Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–2.321 (6.720)	–
Governor Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	7.173 (6.551)	–
Governor Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	–3.361 (2.803)	–	0.171 (3.641)	0.750 (3.556)
Governor Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–16.918* (8.651)	–16.711* (8.579)
Governor Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–7.175 (5.947)	–8.012^{+} (5.875)
Governor Possesses Line Item Veto (-)	2.060 (2.420)	–	–5.237^{+} (3.875)	–5.320^{+} (3.872)
Governor Line Item Veto x Divided Partisan Leg (-)	–	–	15.183** (5.562)	14.458*** (5.497)
Governor Line Item Veto x Unified Partisan Leg (-)	–	–	2.623 (5.656)	3.000 (5.641)
Legislature's Institutional Powers				
Legislature Possesses Official Revenue Forecast Authority – Binds Budget (-)	8.342** (3.724)	8.181** (3.554)	6.759^{+} (5.178)	7.456^{+} (5.050)
Legislature Binding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	2.015 (8.056)	2.147 (7.956)
Legislature Binding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–2.679 (9.130)	–3.504 (9.075)
Legislature Possesses Official Revenue Forecast Authority – Does Not Bind Budget (-)	0.460 (1.782)	–	2.152 (2.684)	2.710 (2.551)
Legislature Nonbinding Revenue Forecast Authority x Divided Partisan Leg (-)	–	–	–6.104^{+} (4.502)	–5.729^{+} (4.311)
Legislature Nonbinding Revenue Forecast Authority x Unified Partisan Leg (-)	–	–	–2.313 (4.043)	–3.342 (3.908)
Legislature Session Length (-)	0.122*** (0.026)	0.125*** (0.026)	0.045 (0.043)	0.046 (0.043)
Legislature Session Length x Divided Partisan Leg (-)	–	–	0.123** (0.057)	0.120** (0.056)
Legislature Session Length x Unified Partisan Leg (-)	–	–	0.089^{+} (0.060)	0.090^{+} (0.060)
Divided Partisan Legislature Government (+)	3.709* (2.030)	3.667* (1.993)	–1.092 (8.262)	–0.270 (8.225)
Unified Partisan Legislature Government (+)	1.797 (1.764)	1.986 (1.742)	–6.081 (7.620)	–5.682 (7.609)

Table A.23 Continued				
Governor Legacy Year (+)	–3.565 (3.550)	–3.476 (3.536)	–2.970 (3.522)	–3.155 (3.505)
Legislative Election Year (-)	1.962 (1.657)	2.024 (1.654)	1.696 (1.637)	1.728 (1.635)
Real General Expenditures (+)	1.70E-07*** (5.44E-08)	1.82E-07*** (5.18E-08)	1.61E-07*** (5.56E-08)	1.60E-07*** (5.48E-08)
Biennial (+)	6.422*** (1.842)	5.723*** (1.762)	7.384*** (1.845)	7.218*** (1.818)
No Balanced Budget Restriction (-)	–1.879 (1.656)	–1.977 (1.644)	–0.527 (1.693)	–0.613 (1.682)
Surplus (-)	–0.296*** (0.085)	–0.287*** (0.084)	–0.317*** (0.084)	–0.319*** (0.084)
Pct Δ Real Per Capita Income (-)	0.017 (0.355)	–0.014 (0.353)	–0.029 (0.353)	–0.042 (0.352)
Supermajority Requirement (+)	–2.205 (3.679)	–3.723 (3.410)	0.150 (3.968)	–0.021 (3.950)
Fiscal Year Begins (-)	–3.121 (0.930)	–2.986*** (0.919)	–1.860* (0.973)	–1.866* (0.970)
Constant	18.025** (7.653)	18.365*** (7.360)	14.263^{+} (8.748)	14.248^{+} (8.721)
N × T (Effective Sample Size)	820	820	820	820
AIC	7335.783	7330.263	7323.481	7319.662
BIC	7425.260	7400.903	7478.888	7460.941
Notes: Estimates for OLS regression model. Dependent variable = number of days after the end of the fiscal year it takes to pass a state's budget. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)				

Table A.24: Predicting the Likelihood of Observing a Budget Impasse in the American States (1986 – 2006) – Basic Model Logit with Institutional Indexes

Variables	Model 1	Model 2	Model 3	Model 4
Governor Capacity Additive Index (-)	–0.445** (0.175)	–0.687** (0.283)	–	–
Legislature Capacity Additive Index (-)	0.272 (0.237)	–0.271 (0.428)	–	–
Institutional Difference Index	–	–	–0.379*** (0.126)	–0.347* (0.202)
Divided Partisan Legislature Government (+)	0.523* (0.298)	–1.658* (0.941)	0.542* (0.296)	0.450 (0.521)
Unified Partisan Legislature Government (+)	0.998*** (0.265)	0.919 (0.748)	1.014*** (0.263)	1.186** (0.471)
Governor Capacity x Divided Partisan Legislature Government	–	0.889** (0.438)	–	–
Governor Capacity x Unified Partisan Legislature Government	–	–0.036 (0.364)	–	–
Legislature Capacity x Divided Partisan Legislature Government	–	1.348** (0.614)	–	–
Legislature Capacity x Unified Partisan Legislature Government	–	0.291 (0.561)	–	–
Institutional Index x Divided Partisan Legislature Government	–	–	–	0.070 (0.320)
Institutional Index x Unified Partisan Legislature Government	–	–	–	–0.119 (0.275)
Governor Legacy Year (+)	–0.487 (0.619)	–0.628 (0.627)	–0.480 (0.619)	–0.513 (0.623)
Legislative Election Year (-)	0.055 (0.245)	0.062 (0.246)	0.055 (0.245)	0.054 (0.245)
Real General Expenditures (+)	3.74E–08*** (7.02E–09)	3.95E–08*** (7.00E–09)	3.66E–08*** (6.86E–09)	3.68E–08*** (6.88E–09)
Biennial (+)	0.703*** (0.248)	0.752*** (0.256)	0.683*** (0.245)	0.681*** (0.246)
No Balanced Budget Restriction (-)	–0.790*** (0.234)	–0.827*** (0.240)	–0.769*** (0.231)	–0.761*** (0.232)
Surplus (-)	–0.017^{+} (0.011)	–0.016^{+} (0.011)	–0.018^{+} (0.011)	–0.018^{+} (0.011)
Pct Δ Real Per Capita Income (-)	–0.092* (0.049)	–0.094* (0.049)	–0.093* (0.049)	–0.094* (0.049)
Supermajority Requirement (+)	0.399 (0.466)	0.147 (0.484)	0.455 (0.455)	0.400 (0.466)
Fiscal Year Begins (-)	–0.524*** (0.174)	–0.577*** (0.181)	–0.535*** (0.173)	–0.548*** (0.176)
Constant	1.977^{+} (1.284)	2.980** (1.422)	1.894^{+} (1.275)	1.942^{+} (1.318)
N × T (Effective Sample Size)	820	820	820	820
AIC	597.850	596.198	596.139	599.738
BIC	663.780	680.966	657.360	670.377

Notes: Estimates for logit model. Dependent variable – Late Budget: Late Budget = 1 if the state passed budget after start of next fiscal year, 0 otherwise. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

Table A.25: Duration of Budget Impasse in the American States (1986 – 2006) – Basic Model OLS with Institutional Indexes

Variables	Model 1	Model 2	Model 3	Model 4
Governor Capacity Additive Index (-)	–2.462** (1.199)	–1.778 (1.738)	–	–
Legislature Capacity Additive Index (-)	1.371 (1.635)	2.723 (2.461)	–	–
Institutional Difference Index	–	–	–2.053** (0.862)	–2.117* (1.215)
Divided Partisan Legislature Government (+)	5.426*** (2.009)	12.863** (6.110)	5.586*** (1.982)	6.806* (3.781)
Unified Partisan Legislature Government (+)	3.351* (1.741)	2.714 (5.700)	3.439** (1.730)	2.146 (3.530)
Governor Capacity x Divided Partisan Legislature Government	–	–3.458 (2.968)	–	–
Governor Capacity x Unified Partisan Legislature Government	–	0.624 (2.665)	–	–
Legislature Capacity x Divided Partisan Legislature Government	–	–3.669 (4.114)	–	–
Legislature Capacity x Unified Partisan Legislature Government	–	–1.258 (3.748)	–	–
Institutional Index x Divided Partisan Legislature Government	–	–	–	–0.873 (2.217)
Institutional Index x Unified Partisan Legislature Government	–	–	–	0.826 (1.967)
Governor Legacy Year (+)	–4.372 (3.590)	–3.994 (3.603)	–4.311 (3.586)	–4.177 (3.595)
Legislative Election Year (-)	1.704 (1.672)	1.698 (1.674)	1.710 (1.671)	1.706 (1.673)
Real General Expenditures (+)	3.18E–07*** (4.73E–08)	3.14E–07*** (4.79E–08)	3.14E–07*** (4.65E–08)	3.13E–07*** (4.66E–08)
Biennial (+)	6.923*** (1.769)	6.975*** (1.776)	6.859*** (1.764)	6.864*** (1.766)
No Balanced Budget Restriction (-)	–1.177 (1.595)	–1.208 (1.600)	–1.117 (1.589)	–1.169 (1.593)
Surplus (-)	–0.290*** (0.086)	–0.293*** (0.086)	–0.294*** (0.086)	–0.291*** (0.086)
Pct Δ Real Per Capita Income (-)	0.056 (0.358)	0.052 (0.360)	0.052 (0.358)	0.053 (0.359)
Supermajority Requirement (+)	–4.222 (3.443)	–3.288 (3.580)	–3.910 (3.383)	–3.453 (3.470)
Fiscal Year Begins (-)	–4.077*** (0.914)	–3.954*** (0.936)	–4.160*** (0.898)	–4.054*** (0.914)
Constant	32.242*** (7.050)	29.549*** (7.997)	31.834*** (6.997)	31.176*** (7.293)
N × T (Effective Sample Size)	820	820	820	820
AIC	7355.216	7360.730	7353.461	7356.959
BIC	7421.146	7445.497	7414.682	7427.598

Notes: Estimates OLS regression model. Dependent variable = number of days after the end of the fiscal year it takes to pass a state's budget. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed test)

APPENDIX B

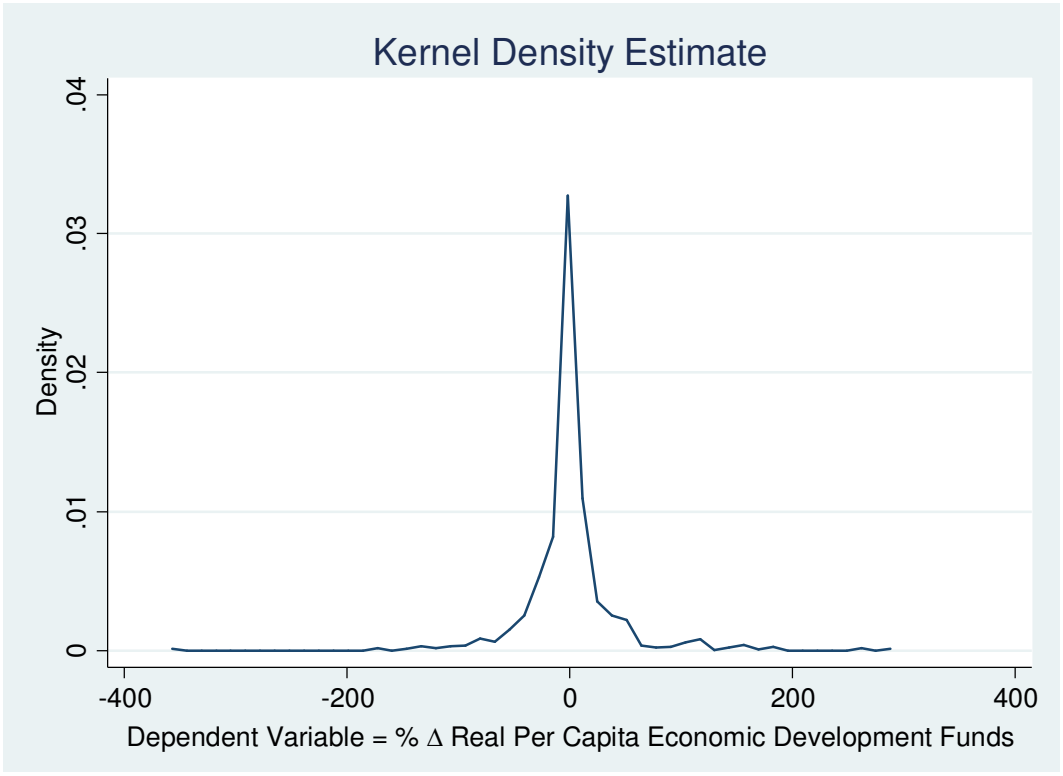

Figure B.1: Kernel Density Estimate

Table B.1: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Indiana Outliers Dropped

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	4.053 (3.710)	5.604 (29.230)	4.052 (3.710)	5.797 (30.063)
Control of Economic Development Commission/Council (+)	1.540 (4.092)	1.540 (4.092)	2.994 (36.272)	3.474 (37.552)
Previous Electoral Vote Share (+)	0.057 (0.193)	0.064 (0.182)	0.059 (0.190)	0.068 (0.182)
Gov Solo Appt x Vote Share (+)	–	–0.028 (0.533)	–	–0.031 (0.548)
Control of Comm/Council x Vote Share (+)	–	–	–0.026 (0.630)	–0.035 (0.655)
Ancillary Controls				
Election Year (+)	–2.170 (2.953)	–2.165 (2.973)	–2.176 (2.958)	–2.171 (2.973)
State UE Rate (+)	–4.925*** (1.619)	–4.923*** (1.635)	–4.924*** (1.617)	–4.922*** (1.634)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	4.420 (7.996)	4.420 (8.001)	4.420 (8.006)	4.420 (8.010)
State Legislature Session Length (+)	0.211*** (0.047)	0.211*** (0.047)	0.211*** (0.047)	0.211*** (0.047)
State Liberalism (+)	0.008 (0.078)	0.008 (0.078)	0.008 (0.079)	0.008 (0.079)
Split Partisan Legislature (-)	–5.151^{+} (4.012)	–5.153^{+} (4.019)	–5.141^{+} (3.991)	–5.139^{+} (3.993)
Unified Partisan Legislature (-)	–0.941 (3.704)	–0.950 (3.721)	–0.942 (3.709)	–0.953 (3.727)
Year 2008 (-)	–6.871^{+} (4.273)	–6.881^{+} (4.323)	–6.861^{+} (4.291)	–6.869^{+} (4.328)
Year 2009 (-)	7.468 (8.880)	7.457 (8.973)	7.473 (8.913)	7.463 (8.995)
Constant	14.103 (14.825)	13.709 (15.593)	13.991 (14.350)	13.512 (15.265)
N × T (Effective Sample Size)	478	478	478	478
Overall R^2	0.084	0.084	0.084	0.084

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table B.2: Variable Descriptions						
Variable Name	*Mean*	*Min*	*Max*	*Overall Standard Deviation*	*Between Standard Deviation*	*Within Standard Deviation*
Governor Solo Appointment Authority	0.260	0	1	0.439	0.431	0.116
Control of Economic Development Commission/Council	0.152	0	1	0.359	0.351	0.062
Previous Electoral Vote Share	55.364	36.99	79.17	6.980	4.039	5.731
Election Year	0.224	0	1	0.418	0.077	0.411
State UE Rate	5.142	2.3	13.5	1.649	0.936	1.353
State Population (thousands)	5746.042	494.3	36961.23	6416.781	6519.949	280.642
Change in Agency	0.062	0	1	0.242	0.123	0.210
State Legislature Session Length	64.553	0	260.714	40.684	34.925	23.558
State Liberalism	48.671	6.214	90.986	23.034	18.838	13.626
Split Partisan Legislature	0.249	0	1	0.433	0.303	0.315
Unified Partisan Legislature	0.557	0	1	0.497	0.319	0.385
Year 2008	0.102	0	1	0.303	0.017	0.302
Year 2009	0.096	0	1	0.294	0.029	0.293

Table B.3: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Single Economic Development Institutional Capacity Indicator		
Variables	**Model 1**	**Model 2**
Economic Development Capacity (+)	4.337^{+} (3.214)	3.752 (27.188)
Previous Electoral Vote Share (+)	0.070 (0.196)	0.067 (0.184)
Economic Development Capacity x Vote Share (+)	–	0.010 (0.490)
Ancillary Controls		
Election Year (+)	–2.761 (2.940)	–2.761 (2.943)
State UE Rate (+)	–5.211*** (1.644)	–5.212*** (1.653)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	4.638 (7.992)	4.638 (7.997)
State Legislature Session Length (+)	0.220*** (0.046)	0.220*** (0.045)
State Liberalism (+)	0.018 (0.078)	0.018 (0.078)
Split Partisan Legislature (-)	–3.474 (4.165)	–3.478 (4.149)
Unified Partisan Legislature (-)	–1.062 (3.717)	–1.057 (3.735)
Year 2008 (-)	–7.235* (4.173)	–7.235* (4.174)
Year 2009 (-)	7.794 (8.914)	7.796 (8.943)
Constant	13.528 (14.806)	13.721 (15.237)
N × T (Effective Sample Size)	481	481
Overall R^2	0.065	0.065
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)		

Table B.4: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Random Effects Models – Vote Share x Election Year Interactions

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	5.880^{+} (4.010)	3.398 (33.233)	7.652* (4.247)	0.484 (34.513)
Control of Economic Development Commission/Council (+)	1.708 (4.198)	1.776 (4.263)	–8.528 (33.627)	–21.495 (38.548)
Previous Electoral Vote Share (+)	–0.037 (0.248)	–0.067 (0.248)	–.0504 (0.244)	–0.102 (0.256)
Gov Solo Appt x Vote Share (+)	–	0.088 (0.613)	–	0.129 (0.635)
Control of Comm/Council x Vote Share (+)	–	–	0.130 (0.584)	0.363 (0.682)
Vote Share x Election Year	0.468 (0.465)	0.581 (0.470)	0.573^{+} (0.432)	0.724^{+} (0.475)
Gov Solo Appt x Election Year	–	4.099 (60.746)	–	14.882 (61.861)
Control of Comm/Council x Election Year	–	–	14.857** (7.389)	114.162 (117.396)
Gov Solo Appt x Vote Share x Election Year	–	–0.255 (1.102)	–	–0.399 (1.118)
Control of Comm/Council x Vote Share x Election Year	–	–	–0.131 (0.123)	–1.825 (2.185)
Ancillary Controls				
Election Year (+)	–28.709 (26.471)	–32.173 (27.405)	–34.626^{+} (25.317)	–43.007^{+} (28.111)
State UE Rate (+)	–5.179*** (1.638)	–5.269*** (1.678)	–5.229*** (1.648)	–5.198*** (1.672)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	3.910 (8.054)	3.505 (7.994)	3.469 (7.989)	3.340 (8.065)
State Legislature Session Length (+)	0.220*** (0.046)	0.221*** (0.045)	0.220*** (0.045)	0.220*** (0.045)
State Liberalism (+)	0.014 (0.078)	0.014 (0.078)	0.016 (0.078)	0.015 (0.078)
Split Partisan Legislature (-)	–3.369 (4.122)	–3.504 (4.123)	–3.371 (4.071)	–3.345 (4.074)
Unified Partisan Legislature (-)	–0.584 (3.733)	–0.406 (3.746)	–0.402 (3.738)	–0.404 (3.743)
Year 2008 (-)	–7.284* (4.180)	–6.741^{+} (4.434)	–6.554^{+} (4.356)	–6.620^{+} (4.433)
Year 2009 (-)	8.025 (8.958)	8.464 (9.197)	8.023 (9.065)	7.830 (9.249)
Constant	19.250 (17.465)	20.541 (18.795)	20.047 (17.078)	22.755 (19.006)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.067	0.069	0.071	0.071

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table B.5: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Random Effects Models – Alternative Unemployment Rate Indicator

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	7.619* (4.308)	7.834 (30.832)	7.615* (4.306)	8.212 (31.855)
Control of Economic Development Commission/Council (+)	1.624 (3.719)	1.624 (3.723)	5.274 (31.325)	5.438 (33.094)
Previous Electoral Vote Share (+)	0.205 (0.198)	0.206 (0.168)	0.209 (0.197)	0.212 (0.173)
Gov Solo Appt x Vote Share (+)	–	–0.004 (0.558)	–	–0.011 (0.576)
Control of Comm/Council x Vote Share (+)	–	–	–0.066 (0.546)	–0.069 (0.581)
Ancillary Controls				
Election Year (+)	–2.320 (3.014)	–2.319 (3.037)	–2.333 (3.021)	–2.332 (3.037)
Δ State UE Rate Over Year (+)	–5.906** (2.559)	–5.905** (2.583)	–5.902** (2.557)	–5.901** (2.585)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	1.003 (8.053)	1.004 (8.048)	1.005 (8.063)	1.006 (8.054)
State Legislature Session Length (+)	0.210*** (0.045)	0.210*** (0.045)	0.210*** (0.044)	0.210*** (0.044)
State Liberalism (+)	0.001 (0.074)	0.001 (0.074)	0.001 (0.074)	0.001 (0.074)
Split Partisan Legislature (-)	–3.343 (4.059)	–3.343 (4.065)	–3.318 (4.048)	–3.317 (4.044)
Unified Partisan Legislature (-)	–0.525 (3.731)	–0.526 (3.742)	–0.528 (3.738)	–0.532 (3.751)
Year 2008 (-)	–4.358 (4.989)	–4.360 (5.068)	–4.335 (5.017)	–4.339 (5.079)
Year 2009 (-)	6.852 (10.203)	6.850 (10.314)	6.860 (10.229)	6.856 (10.333)
Constant	–16.472^{+} (12.463)	–16.525^{+} (11.297)	–16.741^{+} (12.351)	–16.900^{+} (11.391)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.057	0.057	0.057	0.057

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table B.6: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Random Effects Models – Progressive Ambition

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	5.758^{+} (3.905)	6.606 (27.022)	5.757^{+} (3.906)	6.727 (27.862)
Control of Economic Development Commission/Council (+)	1.557 (4.272)	1.557 (4.275)	2.520 (37.723)	2.784 (39.025
Previous Electoral Vote Share (+)	0.076 (0.191)	0.080 (0.190)	0.077 (0.187)	0.0820 (0.189)
Gov Solo Appt x Vote Share (+)	–	–0.015 (0.487)	–	–0.017 (0.502)
Control of Comm/Council x Vote Share (+)	–	–	–0.017 (0.654)	–0.022 (0.679)
Ancillary Controls				
Progressive Ambition	4.767^{+} (3.604)	4.774^{+} (3.610)	4.764^{+} (3.620)	4.772^{+} (3.623)
Election Year (+)	–3.063 (2.970)	–3.061 (2.986)	–3.066 (2.972)	–3.064 (2.985)
State UE Rate (+)	–4.897*** (1.567)	–4.895*** (1.580)	–4.896*** (1.567)	–4.895*** (1.580)
State Population (thousands) (+)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)
Change in Agency (~)	3.234 (7.759)	3.232 (7.788)	3.235 (7.770)	3.233 (7.796)
State Legislature Session Length (+)	0.225*** (0.047)	0.225*** (0.047)	0.225*** (0.047)	0.225*** (0.047)
State Liberalism (+)	0.020 (0.077)	0.020 (0.077)	0.020 (0.077)	0.020 (0.077)
Split Partisan Legislature (-)	–3.048 (4.194)	–3.048 (4.198)	–3.042 (4.170)	–3.040 (4.169)
Unified Partisan Legislature (-)	–0.774 (3.689)	–0.780 (3.711)	–0.775 (3.693)	–0.781 (3.717)
Year 2008 (-)	–7.112* (4.205)	–7.118* (4.253)	–7.106 (4.218)	–7.110* (4.254)
Year 2009 (-)	6.766 (8.621)	6.759 (8.697)	6.770 (8.655)	6.763 (8.720)
Constant	10.384 (14.618)	10.164 (15.509)	10.312 (14.107)	10.041 (15.151)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.068	0.068	0.068	0.068

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table B.7: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Fixed Effects Models

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	–14.031^{+} (8.946)	–0.339 (29.115)	–13.771^{+} (8.725)	2.835 (29.448)
Control of Economic Development Commission/Council (+)	–5.403 (15.303)	–3.884 (15.698)	16.290 (44.220)	22.612 (45.608)
Previous Electoral Vote Share (+)	–0.007 (0.245)	0.051 (0.284)	0.021 (0.254)	0.097 (0.297)
Gov Solo Appt x Vote Share (+)	–	–0.236 (0.480)	–	–0.285 (0.486)
Control of Comm/Council x Vote Share (+)	–	–	–0.353 (0.658)	–0.426 (0.678)
Ancillary Controls				
Election Year (+)	–0.294 (3.231)	–0.250 (3.240)	–0.338 (3.219)	–0.295 (3.227)
State UE Rate (+)	–7.858*** (2.535)	–7.825*** (2.531)	–7.942*** (2.560)	–7.919*** (2.559)
State Population (thousands) (+)	0.017*** (0.005)	0.017*** (0.005)	0.017*** (0.005)	0.017*** (0.005)
Change in Agency (~)	0.575 (10.133)	0.598 (10.088)	0.582 (10.157)	0.611 (10.104)
State Legislature Session Length (+)	0.341*** (0.118)	0.341*** (0.118)	0.340*** (0.118)	0.340*** (0.117)
State Liberalism (+)	0.172^{+} (0.132)	0.176^{+} (0.132)	0.170 (0.132)	0.173^{+} (0.132)
Split Partisan Legislature (-)	–7.336 (6.132)	–7.407 (6.158)	–7.248 (6.178)	–7.316 (6.215)
Unified Partisan Legislature (-)	1.771 (4.598)	1.806 (4.588)	1.680 (4.624)	1.703 (4.612)
Year 2008 (-)	–10.670** (4.865)	–10.687** (4.893)	–10.466** (4.896)	–10.445** (4.927)
Year 2009 (-)	9.920 (11.482)	9.841 (11.488)	10.345 (11.578)	10.338 (11.603)
Constant	–82.299* (43.889)	–85.330* (43.514)	–83.959* (43.842)	–87.966** (43.370)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.004	0.004	0.004	0.004
AIC	5006.527	5008.446	5008.445	5010.330
BIC	5056.637	5062.732	5062.731	5068.793

Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)

Table B.8: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Fixed Effects Models – Legislative Incentive

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	–14.091^{+} (9.098)	–13.263^{+} (8.655)	–14.295^{+} (9.296)	–13.036^{+} (8.886)
Control of Economic Development Commission/Council (+)	–6.830 (15.693)	–3.911 (14.309)	–6.643 (15.485)	–4.170 (13.985)
Previous Electoral Vote Share (+)	–0.011 (0.248)	–0.046 (0.238)	–0.019 (0.253)	–0.042 (0.242)
Ancillary Controls				
State Legislature Session Length (+)	0.346** (0.145)	0.184^{+} (0.121)	0.387** (0.155)	0.170^{+} (0.117)
Unified Government (+)	–2.823 (8.955)	–	0.312 (10.373)	–
Split Partisan Legislature (-)	–	–21.422^{+} (12.983)	–	–21.650^{+} (15.142)
Unified Partisan Legislature (-)	–	–5.300 (8.694)	–	–9.829 (10.049)
Election Year (+)	–0.551 (3.220)	–0.516 (3.110)	11.331 (9.612)	–5.156 (6.473)
Session Length x Unified Government	–0.010 (0.140)	–	–0.050 (0.159)	–
Session Length x Split Partisan Legislature	–	0.209 (0.197)	–	0.199 (0.214)
Session Length x Unified Partisan Legislature	–	0.118 (0.133)	–	0.172 (0.157)
Election Year x Session Length	–	–	–0.177 (0.156)	0.035 (0.112)
Election Year x Unified Government	–	–	–11.556 (10.476)	–
Election Year x Split Partisan Legislature	–	–	–	–3.418 (12.551)
Election Year x Unified Partisan Legislature	–	–	–	16.770^{+} (11.723)
Session Length x Election Year x Unified Government	–	–	0.163 (0.181)	–
Session Length x Election Year x Split Partisan Leg	–	–	–	0.103 (0.184)
Session Length x Election Year x Unified Partisan Leg	–	–	–	–0.217 (0.210)
State UE Rate (+)	–7.837*** (2.522)	–8.286*** (2.553)	–7.938*** (2.527)	–8.403*** (2.549)
State Population (thousands) (+)	0.017*** (0.005)	0.015*** (0.004)	0.017*** (0.005)	0.015*** (0.004)
Change in Agency (~)	1.286 (9.907)	1.327 (10.331)	1.098 (9.849)	0.961 (10.312)
State Liberalism (+)	0.173^{+} (0.133)	0.179 (0.140)	0.170 (0.133)	0.175 (0.140)
Year 2008 (-)	–10.744** (4.926)	–10.335** (4.866)	–10.669** (5.068)	–10.064* (5.038)
Year 2009 (-)	10.062 (11.479)	12.230 (11.464)	10.574 (11.597)	12.796 (11.656)

Table B.8 Continued				
Constant	–82.141* (41.416)	–59.991^{+} (37.835)	–84.336** (41.427)	–55.584^{+} (38.437)
N × T (Effective Sample Size)	481	481	481	481
Overall R^2	0.004	0.003	0.004	0.002
AIC	5007.199	5006.419	5012.703	5015.369
BIC	5057.309	5064.881	5075.341	5094.711
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)				

Table B.9: Economic Development Allocations in the American States (FY 2001 – FY 2010) – XTFEVD Models – Legislative Incentive

Variables	Model 1	Model 2	Model 3	Model 4
Governor Solo Appointment Authority (+)	7.686 (6.331)	6.882 (6.490)	7.712 (6.348)	7.038 (6.560)
Control of Economic Development Commission/Council (+)	4.723 (7.556)	5.327 (7.727)	4.867 (7.561)	5.673 (7.762
Previous Electoral Vote Share (+)	–0.011 (0.393)	–0.046 (0.395)	–0.019 (0.396)	–0.042 (0.399)
Ancillary Controls				
State Legislature Session Length (+)	0.346** (0.154)	0.184^{+} (0.131)	0.387** (0.167)	0.170 (0.138)
Unified Government (+)	–2.823 (12.313)	–	0.312 (13.916)	–
Split Partisan Legislature (-)	–	–21.422^{+} (15.633)	–	–21.650 (17.618)
Unified Partisan Legislature (-)	–	–5.300 (12.911)	–	–9.829 (14.667)
Election Year (+)	–0.551 (5.288)	–0.516 (5.289)	11.331 (19.832)	–5.156 (15.420)
Session Length x Unified Government	–0.010 (0.157)	–	–0.050 (0.174)	–
Session Length x Split Partisan Legislature	–	0.209 (0.187)	–	0.199 (0.207)
Session Length x Unified Partisan Legislature	–	0.118 (0.169)	–	0.172 (0.189)
Election Year x Session Length	–	–	–0.177 (0.281)	0.035 (0.265)
Election Year x Unified Government	–	–	–11.556 (22.329)	–
Election Year x Split Partisan Legislature	–	–	–	–3.418 (25.107)
Election Year x Unified Partisan Legislature	–	–	–	16.770 (25.233)
Session Length x Election Year x Unified Government	–	–	0.163 (0.315)	–
Session Length x Election Year x Split Partisan Legislature	–	–	–	0.103 (0.330)
Session Length x Election Year x Unified Partisan Legislature	–	–	–	–0.217 (0.387)
State UE Rate (+)	–7.837*** (2.714)	–8.286*** (2.732)	–7.938*** (2.728)	–8.403*** (2.752)
State Population (thousands) (+)	–0.001** (0.0005)	–0.001** (0.0005)	–0.001* (0.0005)	–0.001* (0.0005)
Change in Agency (~)	1.286 (10.090)	1.327 (10.183)	1.098 (10.128)	0.961 (10.250)
State Liberalism (+)	0.173 (0.165)	0.179 (0.166)	0.170 (0.165)	0.175 (0.168)
Year 2008 (-)	–5.267 (7.408)	–4.822 (7.399)	–5.196 (7.439)	–4.633 (7.447)
Year 2009 (-)	16.741^{+} (12.628)	18.834^{+} (12.703)	17.234^{+} (12.706)	19.279^{+} (12.804)

Table B.9 Continued				
Constant	14.910 (30.148)	26.936 (30.362)	12.785 (30.660)	28.801 (30.610)
N × T (Effective Sample Size)	481	481	481	481
R^2	0.124	0.133	0.125	0.135
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)				

Table B.10: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Hybrid Models – Legislative Incentive				
Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Governor Solo Appointment Authority – within (+)	–10.608 (21.571)	–9.987 (21.561)	–10.761 (21.705)	–9.720 (21.784)
Governor Solo Appointment Authority – mean (+)	7.069^{+} (5.325)	7.435^{+} (5.346)	7.364 (5.884)	7.012 (6.192)
Control of Economic Development Commission/Council – within (+)	–8.985 (43.613)	–5.988 (43.630)	–8.784 (43.965)	–6.272 (44.223)
Control of Economic Development Commission/Council – mean (+)	1.662 (6.252)	1.580 (6.258)	2.036 (6.768)	1.916 (6.915)
Previous Electoral Vote Share – within (+)	–0.001 (0.380)	–0.036 (0.381)	–0.009 (0.384)	–0.033 (0.386)
Previous Electoral Vote Share – mean (+)	0.549 (0.583)	0.474 (0.587)	0.498 (0.621)	0.421 (0.633)
Ancillary Controls				
State Legislature Session Length – within (+)	0.342** (0.149)	0.178^{+} (0.125)	0.383** (0.162)	0.164 (0.134)
State Legislature Session Length – mean (+)	0.181 (0.191)	0.002 (0.198)	0.249 (0.395)	0.102 (0.268)
Unified Government – within (+)	–2.441 (11.726)	–	0.665 (13.357)	–
Unified Government – mean (+)	8.688 (16.485)	–	6.276 (30.338)	–
Split Partisan Legislature – within (-)	–	–20.810^{+} (14.999)	–	–21.045 (17.147)
Split Partisan Legislature – mean (-)	–	9.185 (17.190)	–	14.003 (46.860)
Unified Partisan Legislature – within (-)	–	–5.652 (12.376)	–	–10.152 (14.204)
Unified Partisan Legislature – mean (-)	–	–14.673 (22.031)	–	–15.256 (33.590)
Election Year – within (+)	–0.819 (5.153)	–0.769 (5.162)	11.134 (19.130)	–5.514 (15.082)
Election Year – mean (+)	–39.236 (33.524)	–36.987 (33.335)	–32.139 (89.540)	–8.804 (65.604)
Session Length x Unified Government – within	–0.014 (0.152)	–	–0.054 (0.169)	–
Session Length x Unified Government – mean	–0.070 (0.223)	–	–0.073 (0.439)	–
Session Length x Split Partisan Legislature – within	–	0.202 (0.190)	–	0.190 (0.209)
Session Length x Split Partisan Legislature – mean	–	–0.094 (0.224)	–	–0.260 (0.611)
Session Length x Unified Partisan Legislature – within	–	0.121 (0.164)	–	0.177 (0.184)
Session Length x Unified Partisan Legislature – mean	–	0.228 (0.345)	–	0.275 (0.516)
Election Year x Session Length – within	–	–	–0.183 (0.271)	0.041 (0.258)
Election Year x Session Length – mean	–	–	–0.257 (1.365)	–0.574 (0.899)

Table B.10 Continued				
Election Year x Unified Government – within	–	–	–11.607 (21.618)	–
Election Year x Unified Government – mean	–	–	9.667 (99.652)	–
Election Year x Split Partisan Legislature – within	–	–	–	–3.465 (24.375)
Election Year x Split Partisan Legislature – mean	–	–	–	–15.525 (157.889)
Election Year x Unified Partisan Legislature – within	–	–	–	16.914 (24.565)
Election Year x Unified Partisan Legislature – mean	–	–	–	–5.116 (103.352)
Session Length x Election Year x Unified Government – within	–	–	0.171 (0.304)	–
Session Length x Election Year x Unified Government – mean	–	–	–0.010 (1.530)	–
Session Length x Election Year x Split Partisan Legislature – within	–	–	–	0.110 (0.319)
Session Length x Election Year x Split Partisan Legislature – mean	–	–	–	0.589 (2.215)
Session Length x Election Year x Unified Partisan Legislature – within	–	–	–	–0.229 (0.377)
Session Length x Election Year x Unified Partisan Legislature – mean	–	–	–	0.041 (1.581)
State UE Rate – within (+)	–7.856*** (2.583)	–8.298*** (2.591)	–7.961*** (2.605)	–8.419*** (2.622)
State UE Rate – mean (+)	–2.966 (2.653)	–2.340 (2.782)	–3.125 (2.834)	–2.209 (3.116)
State Population (thousands) – within (+)	0.013 (0.010)	0.012 (0.010)	0.013 (0.010)	0.011 (0.010)
State Population (thousands) – mean (+)	–0.001** (0.0004)	–0.001** (0.0004)	–0.001** (0.0004)	–0.001** (0.0004)
Change in Agency – within (~)	0.616 (9.929)	0.697 (9.969)	0.405 (9.994)	0.301 (10.079)
Change in Agency – mean (~)	16.700 (19.561)	17.292 (20.329)	17.861 (20.270)	18.110 (21.499)
State Liberalism – within (+)	0.148 (0.161)	0.155 (0.161)	0.145 (0.162)	0.151 (0.163)
State Liberalism – mean (+)	0.028 (0.132)	0.018 (0.134)	0.026 (0.135)	–0.002 (0.142)
Year 2008 – within (-)	–14.154* (8.457)	–13.556^{+} (8.462)	–14.142* (8.528)	–13.343^{+} (8.572)
Year 2008 – mean (-)	0	0	0	0
Year 2009 – within (-)	6.017 (13.316)	8.403 (13.369)	6.480 (13.430)	8.930 (13.532)
Year 2009 – mean (-)	0	0	0	0
Constant	0.625 (2.046)	0.625 (2.044)	0.625 (2.057)	0.625 (2.063)
Years – within	1.004 (1.152)	0.946 (1.152)	1.018 (1.160)	0.958 (1.166)
N × T (Effective Sample Size)	481	481	481	481

Table B.10 Continued				
AIC	5052.264	5055.707	5063.802	5074.687
BIC	5165.013	5185.158	5201.605	5245.898
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one–tailed)				

Table B.11: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Fixed Effects Models – Institutional Conflict		
Variables	**Model 1**	**Model 2**
Governor Solo Appointment Authority (+)	–22.973* (13.468)	–13.893^{+} (8.851)
Control of Economic Development Commission/Council (+)	–3.196 (15.851)	–12.784 (21.135)
Previous Electoral Vote Share (+)	–0.008 (0.245)	–0.001 (0.248)
Ancillary Controls		
State Legislature Session Length (+)	0.288** (0.136)	0.331*** (0.119)
Session Length x Governor Appointment Authority	0.216 (0.258)	–
Session Length x Commission/Council	–	0.210 (0.372)
Split Partisan Legislature (-)	–7.643 (6.266)	–7.394 (06.040)
Unified Partisan Legislature (-)	2.035 (4.650)	1.736 (4.612)
Election Year (+)	–0.019 (3.208)	–0.213 (3.206)
State UE Rate (+)	–7.827*** (2.507)	–8.012*** (2.543)
State Population (thousands) (+)	0.017*** (0.005)	0.017*** (0.005)
Change in Agency (~)	0.359 (10.022)	0.650 (10.163)
State Liberalism (+)	0.180^{+} (0.135)	0.171^{+} (0.130)
Year 2008 (-)	–10.263** (4.897)	–10.640** (4.871)
Year 2009 (-)	9.609 (11.255)	10.566 (11.383)
Constant	–79.722* (43.474)	–80.557* (43.597)
N × T (Effective Sample Size)	481	481
Overall R^2	0.003	0.004
AIC	5007.267	5008.237
BIC	5061.554	5062.524
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)		

Table B.12: Economic Development Allocations in the American States (FY 2001 – FY 2010) – XTFEVD Models – Institutional Conflict		
Variables	**Model 1**	**Model 2**
Governor Solo Appointment Authority (+)	-6.591 (17.605)	6.861 (6.378)
Control of Economic Development Commission/Council (+)	4.103 (7.716)	-7.349 (30.574)
Previous Electoral Vote Share (+)	-0.008 (0.395)	-0.001 (0.396)
Ancillary Controls		
State Legislature Session Length (+)	0.288** (0.115)	0.331*** (0.100)
Session Length x Governor Appointment Authority	0.216 (0.255)	–
Session Length x Commission/Council	–	0.210 (0.510)
Split Partisan Legislature (-)	-7.643 (8.109)	-7.394 (8.085)
Unified Partisan Legislature (-)	2.035 (6.577)	1.736 (6.563)
Election Year (+)	-0.019 (5.307)	-0.213 (5.297)
State UE Rate (+)	-7.827*** (2.723)	-8.012*** (2.730)
State Population (thousands) (+)	-0.001* (0.0005)	-0.001* (0.0005)
Change in Agency (~)	0.359 (10.187)	0.650 (10.149)
State Liberalism (+)	0.180 (0.164)	0.171 (0.164)
Year 2008 (-)	-5.234 (7.362)	-5.396 (7.376)
Year 2009 (-)	15.802 (12.693)	16.998^{+} (12.675)
Constant	16.374 (29.761)	15.000 (29.527)
N × T (Effective Sample Size)	481	481
Overall R^2	0.127	0.126
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)		

Table B.13: Economic Development Allocations in the American States (FY 2001 – FY 2010) – Hybrid Models – Institutional Conflict		
Variables	**Model 1**	**Model 2**
Governor Solo Appointment Authority –within (+)	–19.651 (23.069)	–10.519 (21.579)
Governor Solo Appointment Authority –mean (+)	11.887 (12.331)	7.876^{+} (5.333)
Control of Economic Development Commission/Council –within (+)	–5.298 (43.587)	–14.389 (45.831)
Control of Economic Development Commission/Council –mean (+)	1.911 (6.312)	15.848 (16.227)
Previous Electoral Vote Share –within (+)	0.003 (0.380)	0.008 (0.381)
Previous Electoral Vote Share –mean (+)	0.485 (0.594)	0.588 (0.582)
Ancillary Controls		
State Legislature Session Length –within (+)	0.278*** (0.103)	0.325*** (0.093)
State Legislature Session Length –mean (+)	0.131^{+} (0.083)	0.137* (0.077)
Session Length x Governor Appointment Authority –within	0.224 (0.201)	–
Session Length x Governor Appointment Authority –mean	–0.064 (0.171)	–
Session Length x Commission/Council –within	–	0.197 (0.407)
Session Length x Commission/Council –mean	–	–0.244 (0.256)
Split Partisan Legislature –within (–)	–7.500 (7.537)	–7.247 (7.535)
Split Partisan Legislature –mean (–)	3.534 (8.840)	3.630 (8.827)
Unified Partisan Legislature –within (–)	1.924 (6.190)	1.626 (6.188)
Unified Partisan Legislature –mean (–)	–1.265 (9.027)	–2.337 (9.041)
Election Year –within (+)	–0.290 (5.170)	–0.479 (5.168)
Election Year –mean (+)	–37.061 (33.462)	–37.606 (33.321)
State UE Rate –within (+)	–7.846*** (2.584)	–8.021*** (2.601)
State UE Rate –mean (+)	–2.829 (2.623)	–1.998 (2.755)
State Population (thousands) – within (+)	0.013 (0.010)	0.013 (0.010)
State Population (thousands) –mean (+)	–0.001** (0.0004)	–0.001** (0.0004)
Change in Agency –within (~)	–0.355 (9.962)	–0.013 (9.964)
Change in Agency –mean (~)	19.322 (20.138)	16.115 (20.378)

Table B.13 Continued		
State Liberalism –within (+)	0.155 (0.160)	0.147 (0.160)
State Liberalism –mean (+)	0.028 (0.135)	0.033 (0.134)
Year 2008 –within (–)	–13.801^{+} (8.451)	–13.952* (8.452)
Year 2008 –mean (–)	0	0
Year 2009 –within (–)	5.356 (13.309)	6.574 (13.380)
Year 2009 –mean (–)	0	0
Constant	0.625 (2.046)	0.625 (2.047)
Years – within	1.048 (1.153)	0.977 (1.153)
N × T (Effective Sample Size)	481	481
AIC	5054.501	5054.747
BIC	5175.601	5175.847
Notes: Dependent variable is defined as: *Annual Real State Economic Development Funds Per Capita Growth*. Standard errors in parentheses. *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$; $^{+}$significant at the 0.10 level (one-tailed)		

APPENDIX C

Table C.1: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Retirement Eligibility Indicator

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.007*** (0.001)	–	0.007*** (0.001)	–0.004*** (0.001)	–	–0.007*** (0.001)
Pay Difference (thou)	–	–0.004*** (0.001)	–	–	0.012*** (0.001)	–
Real Median Household Income (thou)	–	–	0.003** (0.001)	–	–	0.016*** (0.001)
Age Factors						
Retirement Eligibility	0.048^{+} (0.032)	0.049^{+} (0.032)	0.053* (0.032)	0.001 (0.038)	0.037 (0.038)	0.029 (0.038)
Personal Factors						
Party Leadership	0.187*** (0.048)	0.194*** (0.048)	0.188*** (0.048)	–0.294*** (0.080)	–0.285*** (0.080)	–0.296*** (0.080)
Committee Leadership	–0.040* (0.023)	–0.042* (0.023)	–0.037* (0.023)	–0.081*** (0.027)	–0.063** (0.028)	–0.065** (0.028)
Member of Upper Chamber	–0.089*** (0.025)	–0.088*** (0.025)	–0.088*** (0.025)	–0.197*** (0.031)	–0.190*** (0.031)	–0.191*** (0.031)
Married	0.188*** (0.033)	0.183*** (0.033)	0.191*** (0.033)	–0.094** (0.037)	–0.082** (0.037)	–0.075** (0.037)
Female	0.018 (0.027)	0.030 (0.027)	0.014 (0.027)	–0.002 (0.031)	–0.012 (0.031)	–0.025 (0.031)
Children	–0.302*** (0.027)	–0.298*** (0.027)	–0.304*** (0.027)	–0.096*** (0.034)	–0.105*** (0.034)	–0.113*** (0.034)
Age	–0.037*** (0.007)	–0.037*** (0.007)	–0.036*** (0.007)	–0.001 (0.008)	0.001 (0.008)	0.001 (0.008)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0001 $^{+}$ (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)
Green–Lite	0.651*** (0.057)	0.566*** (0.056)	0.628*** (0.057)	–0.003 (0.074)	–0.271*** (0.074)	–0.120^{+} (0.075)
Gray	0.575*** (0.072)	0.393*** (0.069)	0.541*** (0.073)	–0.015 (0.089)	–0.481*** (0.085)	–0.189** (0.090)
Gold–Lite	0.635*** (0.085)	0.394*** (0.078)	0.606*** (0.086)	0.015 (0.104)	–0.494*** (0.095)	–0.119 (0.104)

Table C.1 Continued						
Gold	1.130*** (0.095)	0.883*** (0.091)	1.082*** (0.096)	0.013 (0.117)	–0.642*** (0.113)	–0.239** (0.119)
Electoral Factors						
Electoral Expectations	–0.001** (0.0005)	–0.002*** (0.0004)	–0.001** (0.0005)	–0.009*** (0.0005)	–0.008*** (0.0005)	–0.008*** (0.0005)
Burnout Factors						
Years in Position	0.024*** (0.002)	0.024*** (0.002)	0.024*** (0.002)	–0.002 (0.002)	–0.004* (0.002)	–0.004* (0.002)
Constant	–2.528*** (0.214)	–1.999*** (0.197)	–2.624*** (0.220)	–1.873*** (0.254)	–1.851*** (0.234)	–2.492*** (0.260)
N = 71,249						
	Other Political			**Other Employment**		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.003** (0.001)	–	0.00002 (0.001)	–0.0003 (0.003)	–	–0.003 (0.003)
Pay Difference (thou)	–	0.005*** (0.001)	–	–	0.005^{+} (0.003)	–
Real Median Household Income (thou)	–	–	0.014*** (0.002)	–	–	0.012*** (0.003)
Age Factors						
Retirement Eligibility	–0.054 (0.056)	–0.040 (0.056)	–0.040 (0.056)	–0.041 (0.138)	–0.033 (0.138)	–0.032 (0.138)
Personal Factors						
Party Leadership	0.087^{+} (0.064)	0.101^{+} (0.064)	0.089^{+} (0.064)	–0.208 (0.173)	–0.202 (0.173)	–0.209 (0.173)
Committee Leadership	–0.089*** (0.032)	–0.080** (0.032)	–0.076** (0.032)	–0.109^{+} (0.072)	–0.103^{+} (0.072)	–0.099^{+} (0.073)
Member of Upper Chamber	0.263*** (0.034)	0.267*** (0.034)	0.267*** (0.034)	0.132* (0.077)	0.136* (0.077)	0.138* (0.077)
Married	0.148*** (0.050)	0.152*** (0.050)	0.166*** (0.050)	0.076 (0.106)	0.080 (0.106)	0.093 (0.107)
Female	–0.005 (0.040)	–0.004 (0.041)	–0.025 (0.041)	–0.075 (0.097)	–0.077 (0.097)	–0.094 (0.097)
Children	–0.062^{+} (0.040)	–0.067* (0.040)	–0.077* (0.041)	–0.128^{+} (0.086)	–0.132^{+} (0.086)	–0.142^{+} (0.087)
Age	0.051*** (0.013)	0.051*** (0.013)	0.052*** (0.013)	0.026 (0.028)	0.026 (0.028)	0.027 (0.028)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0005* (0.0003)	–0.0005* (0.0003)	–0.0005 (0.0003)
Green–Lite	0.289*** (0.078)	0.038 (0.079)	0.170** (0.079)	0.089 (0.170)	–0.047 (0.174)	–0.021 (0.175)
Gray	0.258*** (0.099)	–0.204** (0.098)	0.072 (0.101)	0.031 (0.216)	–0.216 (0.214)	–0.134 (0.221)
Gold–Lite	0.294** (0.116)	–0.244** (0.110)	0.134 (0.118)	–0.088 (0.257)	–0.367^{+} (0.245)	–0.233 (0.262)
Gold	0.260** (0.133)	–0.363*** (0.133)	–0.003 (0.137)	0.236 (0.285)	–0.103 (0.287)	–0.003 (0.295)

Table C.1 Continued						
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–7.26E–06 (0.0001)	–5.94E–06 (0.0001)	–1.80E–06 (0.0000953)
Burnout Factors						
Years in Position	0.030*** (0.003)	0.029*** (0.003)	0.029*** (0.003)	0.035*** (0.006)	0.034*** (0.006)	0.034*** (0.006)
Constant	–4.191*** (0.341)	–3.767*** (0.326)	–4.654*** (0.347)	–3.978*** (0.733)	–3.854*** (0.697)	–4.370*** (0.742)
N = 71,249						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.2: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Conditional Impact of Retirement Eligibility and Salary Indicators

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.007*** (0.001)	–	0.007*** (0.001)	–0.004*** (0.001)	–	–0.007*** (0.001)
Pay Difference (thou)	–	0.004*** (0.001)	–	–	–0.012*** (0.001)	–
Real Median Household Income (thou)	–	–	0.003** (0.001)	–	–	0.017*** (0.001)
Age Factors						
Retirement Eligibility	0.026 (0.046)	0.058^{+} (0.036)	0.149 (0.120)	–0.018 (0.055)	0.045 (0.048)	0.275* (0.143)
Retirement x Salary	0.001 (0.001)	–	0.001 (0.001)	0.001 (0.001)	–	0.001 (0.001)
Retirement x Pay Difference	–	0.0006 (0.001)	–	–	0.0004 (0.001)	–
Retirement x Household Inc	–	–	–0.003 (0.002)	–	–	–0.005* (0.003)
Personal Factors						
Party Leadership	0.188*** (0.048)	0.195*** (0.048)	0.189*** (0.048)	–0.294*** (0.080)	–0.285*** (0.080)	–0.296*** (0.080)
Committee Leadership	–0.040* (0.023)	–0.042* (0.023)	–0.037^{+} (0.023)	–0.0801*** (0.027)	–0.063** (0.028)	–0.066** (0.028)
Member of Upper Chamber	–0.089*** (0.025)	–0.088*** (0.025)	–0.087*** (0.025)	–0.197*** (0.031)	–0.190*** (0.031)	–0.189*** (0.031)
Married	0.189*** (0.033)	0.183*** (0.033)	0.192*** (0.033)	–0.093** (0.037)	–0.082** (0.037)	–0.076** (0.037)
Female	0.018 (0.027)	0.029 (0.027)	0.014 (0.027)	–0.003 (0.031)	–0.012 (0.031)	–0.026 (0.031)
Children	–0.302*** (0.027)	–0.298*** (0.027)	–0.304*** (0.027)	–0.096*** (0.034)	–0.105*** (0.034)	–0.112*** (0.034)
Age	–0.037*** (0.007)	–0.037*** (0.007)	–0.037*** (0.007)	–0.001 (0.008)	0.001 (0.008)	0.001 (0.008)
Age^2	0.0005*** (0.0001)	0.0004*** (0.0001)	0.0005*** (0.0001)	0.0001^{+} (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)
Green–Lite	0.655*** (0.057)	0.569*** (0.057)	0.635*** (0.058)	0.001 (0.074)	–0.268*** (0.075)	–0.110^{+} (0.076)
Gray	0.582*** (0.073)	0.399*** (0.070)	0.553*** (0.074)	–0.009 (0.090)	–0.477*** (0.087)	–0.175* (0.091)
Gold–Lite	0.643*** (0.086)	0.400*** (0.079)	0.618*** (0.087)	0.022 (0.104)	–0.491*** (0.096)	–0.108 (0.106)
Gold	1.134*** (0.095)	0.886*** (0.091)	1.087*** (0.097)	0.017 (0.117)	–0.640*** (0.113)	–0.234* (0.120)
Electoral Factors						
Electoral Expectations	–0.001** (0.0005)	–0.002*** (0.0004)	–0.001* (0.0005)	–0.009*** (0.0005)	–0.008*** (0.0005)	–0.008*** (0.0005)
Burnout Factors						

Table C.2 Continued						
Years in Position	0.024*** (0.002)	0.024*** (0.002)	0.024*** (0.002)	–0.002 (0.002)	–0.004* (0.002)	–0.004* (0.002)
Constant	–2.522*** (0.214)	–2.000*** (0.197)	–2.656*** (0.223)	–1.870*** (0.254)	–1.854*** (0.234)	–2.565*** (0.263)
N = 71,249						
	Other Political			**Other Employment**		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.003*** (0.001)	–	0.0003 (0.001)	–0.001 (0.003)	–	–0.004 (0.003)
Pay Difference (thou)	–	–0.004*** (0.001)	–	–	–0.005^{+} (0.003)	–
Real Median Household Income (thou)	–	–	0.014*** (0.002)	–	–	0.013*** (0.004)
Age Factors						
Retirement Eligibility	0.087 (0.084)	–0.119* (0.064)	0.011 (0.206)	–0.324^{+} (0.232)	0.021 (0.143)	–0.296 (0.562)
Retirement x Salary	–0.004** (0.002)	–	–0.005** (0.002)	0.007^{+} (0.004)	–	0.007^{+} (0.004)
Retirement x Pay Difference	–	–0.005*** (0.002)	–	–	0.006^{+} (0.004)	–
Retirement x Household Inc	–	–	0.002 (0.004)	–	–	–0.0005 (0.010)
Personal Factors						
Party Leadership	0.087^{+} (0.064)	0.100^{+} (0.064)	0.088^{+} (0.064)	–0.206 (0.173)	–0.200 (0.173)	–0.207 (0.174)
Committee Leadership	–0.089*** (0.032)	–0.079** (0.032)	–0.076** (0.032)	–0.108^{+} (0.072)	–0.103^{+} (0.073)	–0.098^{+} (0.073)
Member of Upper Chamber	0.263*** (0.034)	0.266*** (0.034)	0.267*** (0.034)	0.133* (0.077)	0.137* (0.077)	0.139* (0.078)
Married	0.147*** (0.050)	0.152*** (0.050)	0.165*** (0.050)	0.078 (0.106)	0.082 (0.107)	0.096 (0.107)
Female	–0.003 (0.041)	–0.003 (0.041)	–0.024 (0.041)	–0.078 (0.097)	–0.079 (0.097)	–0.096 (0.097)
Children	–0.060^{+} (0.040)	–0.065^{+} (0.041)	–0.075* (0.041)	–0.132^{+} (0.086)	–0.135^{+} (0.086)	–0.145* (0.087)
Age	0.053*** (0.013)	0.055*** (0.013)	0.056*** (0.013)	0.023 (0.028)	0.023 (0.028)	0.024 (0.028)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0004^{+} (0.0003)	–0.0005^{+} (0.0003)	–0.0005* (0.0003)
Green–Lite	0.265*** (0.079)	0.0005 (0.081)	0.138* (0.081)	0.152 (0.174)	0.007 (0.179)	0.045 (0.179)
Gray	0.226** (0.100)	–0.249** (0.099)	0.032 (0.103)	0.109 (0.221)	–0.151 (0.219)	–0.054 (0.226)
Gold–Lite	0.259** (0.118)	–0.288*** (0.111)	0.090 (0.120)	–0.009 (0.261)	–0.307 (0.249)	–0.155 (0.266)
Gold	0.239* (0.134)	–0.390*** (0.134)	–0.031 (0.138)	0.299 (0.286)	–0.056 (0.289)	0.059 (0.297)

Table C.2 Continued						
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–6.39E–06 (0.0001)	–5.17E –06 (0.0001)	–1.18E–06 (0.0001)
Burnout Factors						
Years in Position	0.031*** (0.003)	0.029*** (0.003)	0.030*** (0.003)	0.034*** (0.006)	0.034*** (0.006)	0.033*** (0.006)
Constant	–4.229*** (0.343)	–3.803*** (0.328)	–4.690*** (0.350)	–3.964*** (0.728)	–3.843*** (0.692)	–4.369*** (0.738)
N = 71,249						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.3: Probit Models (2000–2010)

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.006*** (0.001)	–	0.006*** (0.001)	–0.004*** (0.001)	–	–0.006*** (0.001)
Pay Difference (thou)	–	0.004*** (0.001)	–	–	–0.009*** (0.001)	–
Real Median Household Income (thou)	–	–	0.00005 (0.001)	–	–	0.011*** (0.001)
Personal Factors						
Party Leadership	0.148*** (0.034)	0.152*** (0.034)	0.148*** (0.034)	–0.247*** (0.061)	–0.241*** (0.061)	–0.249*** (0.061)
Committee Leadership	–0.019 (0.016)	–0.022^{+} (0.017)	–0.019 (0.017)	–0.050** (0.020)	–0.036* (0.020)	–0.039* (0.020)
Member of Upper Chamber	–0.065*** (0.018)	–0.066*** (0.018)	–0.065*** (0.018)	–0.151*** (0.023)	–0.146*** (0.023)	–0.147*** (0.023)
Married	0.144*** (0.024)	0.139*** (0.024)	0.144*** (0.024)	–0.096*** (0.027)	–0.087*** (0.027)	–0.084*** (0.027)
Female	0.016 (0.020)	0.025^{+} (0.020)	0.016 (0.020)	–0.002 (0.023)	–0.010 (0.023)	–0.018 (0.023)
Children	–0.215*** (0.020)	–0.212*** (0.020)	–0.215*** (0.020)	–0.039^{+} (0.025)	–0.047* (0.025)	–0.051** (0.025)
Age	–0.027*** (0.005)	–0.027*** (0.005)	–0.027*** (0.005)	0.005 (0.006)	0.006 (0.006)	0.007 (0.006)
Age^2	0.0003*** (0.00004)	0.0003*** (0.00004)	0.0003*** (0.00004)	0.00003 (0.00005)	0.00001 (0.00005)	0.00001 (0.00005)
Green–Lite	0.469*** (0.041)	0.437*** (0.04)	0.469*** (0.042)	–0.078^{+} (0.055)	–0.269*** (0.055)	–0.164*** (0.056)
Gray	0.422*** (0.053)	0.343*** (0.050)	0.421*** (0.053)	–0.078 (0.066)	–0.405*** (0.063)	–0.204*** (0.067)
Gold–Lite	0.460*** (0.062)	0.344*** (0.057)	0.459*** (0.062)	–0.060 (0.077)	–0.411*** (0.070)	–0.156** (0.077)
Gold	0.815*** (0.069)	0.710*** (0.066)	0.815*** (0.070)	–0.115^{+} (0.086)	–0.584*** (0.084)	–0.302*** (0.088)
Electoral Factors						
Electoral Expectations	–0.0001 (0.0003)	–0.0006* (0.0003)	–0.0001 (0.0003)	–0.006*** (0.0004)	–0.006*** (0.0004)	–0.006*** (0.0004)
Burnout Factors						
Years in Position	0.017*** (0.001)	0.0170*** (0.001)	0.017*** (0.001)	–0.005*** (0.002)	–0.007*** (0.002)	–0.007*** (0.002)
Constant	–1.946*** (0.156)	–1.570*** (0.144)	–1.948*** (0.160)	–1.429*** (0.188)	–1.472*** (0.173)	–1.869*** (0.193)
N = 71,484						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.002* (0.001)	–	–0.0005 (0.001)	–0.001 (0.002)	–	–0.003 (0.002)
Pay Difference (thou)	–	–0.003*** (0.001)	–	–	–0.003^{+} (0.002)	–

Table C.3 Continued						
Real Median Household Income (thou)	–	–	0.010*** (0.001)	–	–	0.007*** (0.003)
Personal Factors						
Party Leadership	0.065^{+} (0.048)	0.074^{+} (0.048)	0.066^{+} (0.048)	–0.177^{+} (0.137)	–0.176^{+} (0.137)	–0.178^{+} (0.137)
Committee Leadership	–0.054* (0.024)	–0.048* (0.024)	–0.046* (0.024)	–0.066 (0.057)	–0.063 (0.057)	–0.061 (0.057)
Member of Upper Chamber	0.217*** (0.025)	0.220*** (0.025)	0.221*** (0.025)	0.107* (0.060)	0.120* (0.060)	0.112* (0.061)
Married	0.098*** (0.038)	0.102*** (0.038)	0.110*** (0.038)	0.037 (0.083)	0.041 (0.083)	0.048 (0.084)
Female	–0.003 (0.030)	–0.003 (0.030)	–0.016 (0.031)	–0.061 (0.076)	–0.063 (0.076)	–0.071 (0.076)
Children	–0.012 (0.030)	–0.016 (0.031)	–0.021 (0.031)	–0.061 (0.068)	–0.063 (0.068)	–0.068 (0.068)
Age	0.051*** (0.009)	0.051*** (0.009)	0.051*** (0.009)	0.030^{+} (0.021)	0.030^{+} (0.021)	0.030^{+} (0.021)
Age^{2}	–0.001*** (0.0001)	–0.0007*** (0.0001)	–0.001*** (0.0001)	–0.0005** (0.0002)	–0.0005** (0.0002)	–0.0005** (0.0002)
Green–Lite	0.156*** (0.058)	–0.006 (0.059)	0.073 (0.059)	–0.016 (0.131)	–0.077 (0.135)	–0.089 (0.135)
Gray	0.134* (0.073)	–0.163* (0.073)	0.004 (0.075)	–0.056 (0.167)	–0.162 (0.168)	–0.166 (0.172)
Gold–Lite	0.152* (0.086)	–0.193** (0.082)	0.038 (0.088)	–0.164 (0.199)	–0.279^{+} (0.192)	–0.263^{+} (0.204)
Gold	0.068 (0.099)	–0.335*** (0.100)	–0.116 (0.102)	0.028 (0.220)	–0.120 (0.225)	–0.129 (0.229)
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	0.0000005 (0.00005)	0.0000002 (0.00005)	1.51E–06 (0.00005)
Burnout Factors						
Years in Position	0.021*** (0.002)	0.020*** (0.002)	0.020*** (0.002)	0.024*** (0.004)	0.023*** (0.004)	0.023*** (0.004)
Constant	–3.327*** (0.253)	–3.060*** (0.240)	–3.615*** (0.256)	–3.117*** (0.554)	–3.114*** (0.524)	–3.328*** (0.560)
N = 71,484						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.4: Descriptive Statistics of Variables Included in Analysis				
Variable	*Mean*	*Min*	*Max*	*SD*
Legislative Salary	26.311	0	111.685	23.862
Pay Difference	-21.480	-70.396	59.129	23.584
Party Leadership Positions	0.042	0	1	0.201
Committee Chairmanships	0.450	0	1	0.497
Member of Upper Chamber	0.2676183	0	1	0.443
Married	0.844	0	1	0.363
Children	0.786	0	1	0.410
Female	0.229	0	1	0.420
Age	54.292	19	94	11.544
Age^2	3080.941	361	8836	1257.965
Green Lite	0.137	0	1	0.343
Gray	0.448	0	1	0.497
Gold	0.137	0	1	0.344
Gold Lite	0.199	0	1	0.399
Electoral Expectations	79.091	0	100	26.137
Years in Office	7.748	0	50	6.714

Table C.5: GLLAMM Probit Models (2000–2010)

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.004*** (0.001)	–	0.005*** (0.001)	–0.004** (0.002)	–	–0.005*** (0.001)
Pay Difference (thou)	–	–0.002*** (0.0005)	–	–	–0.044*** (0.002)	–
Real Median Household Income (thou)	–	–	0.00005 (0.001)			0.010*** (0.001)
Personal Factors						
Party Leadership	0.090*** (0.026)	0.110*** (0.026)	0.084*** (0.026)	–0.286*** (0.086)	–0.265*** (0.081)	–0.249*** (0.061)
Committee Leadership	–0.021^{+} (0.015)	–0.001 (0.015)	–0.019 (0.016)	–0.074*** (0.020)	–0.057*** (0.019)	–0.064*** (0.019)
Member of Upper Chamber	–0.124*** (0.017)	–0.109*** (0.016)	–0.113*** (0.016)	–0.137*** (0.024)	–0.128*** (0.022)	–0.145*** (0.020)
Married	0.173*** (0.023)	0.190*** (0.022)	0.143*** (0.021)	–0.120*** (0.023)	–0.132*** (0.023)	–0.127*** (0.021)
Female	0.026^{+} (0.017)	0.024^{+} (0.017)	0.015 (0.020)	–0.034^{+} (0.021)	–0.008 (0.020)	–0.018 (0.023)
Children	–0.241*** (0.016)	–0.261*** (0.016)	–0.215*** (0.020)	–0.044* (0.023)	–0.032^{+} (0.023)	–0.050** (0.025)
Age	–0.006^{+} (0.004)	–0.002 (0.004)	–0.005 (0.004)	0.001 (0.005)	–0.002 (0.005)	0.007 (0.006)
Age^2	0.0001*** (0.00004)	0.0001*** (0.00004)	0.0003*** (0.00004)	0.0001^{+} (0.00004)	0.0001** (0.00004)	0.00001 (0.00005)
Green–Lite	0.500*** (0.037)	0.163*** (0.039)	0.469*** (0.041)	–0.089 (0.170)	–0.821*** (0.124)	–0.092 (0.156)
Gray	0.331*** (0.047)	0.075* (0.043)	0.421*** (0.052)	–0.090 (0.158)	–1.420*** (0.136)	–0.081 (0.147)
Gold–Lite	0.567*** (0.059)	–0.025 (0.051)	0.456*** (0.062)	–0.154 (0.183)	–1.682*** (0.141)	–0.134 (0.173)
Gold	0.684*** (0.060)	0.371*** (0.056)	0.715*** (0.070)	–0.207 (0.189)	–2.050*** (0.155)	–0.204 (0.189)
Electoral Factors						
Electoral Expectations	–0.00001 (0.00004)	0.0005^{+} (0.0003)	–0.0001 (0.0003)	–0.008*** (0.0006)	–0.009*** (0.0004)	–0.005*** (0.0004)
Burnout Factors						
Years in Position	0.039*** (0.001)	0.038*** (0.001)	0.034*** (0.001)	–0.007*** (0.002)	–0.012*** (0.002)	–0.007*** (0.002)
Constant	–2.382*** (0.134)	–1.845*** (0.126)	–1.948*** (0.160)	–1.175*** (0.236)	–0.566*** (0.170)	–1.869*** (0.193)
Level 1 Variance	0.049 (0.0002)	0.049 (0.0002)	0.048 (0.0002)	0.030 (0.0001)	0.030 (0.0001)	0.030 (0.0001)
Level 2 Variance	0.252 (0.014)	0.182 (0.009)	0.212 (0.011)	0.018 (0.004)	0.107 (0.009)	0.018 (0.003)
Level 1 N = 71,484						
Level 2 N = 50						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						

Table C.5 Continued						
Real Legislative Salary (thou)	–0.003*** (0.001)	–	–0.0004 (0.001)	–0.002 (0.003)	–	–0.003 (0.002)
Pay Difference (thou)	–	–0.021*** (0.001)	–	–	–0.005^{+} (0.004)	–
Real Median Household Income (thou)	–	–	0.011*** (0.001)	–	–	0.008*** (0.004)
Personal Factors						
Party Leadership	–0.055^{+} (0.039)	–0.058^{+} (0.039)	–0.050^{+} (0.039)	–0.162^{+} (0.129)	–0.178^{+} (0.135)	–0.179^{+} (0.137)
Committee Leadership	–0.108*** (0.022)	–0.096*** (0.021)	–0.100*** (0.021)	–0.070 (0.062)	–0.061 (0.059)	–0.060 (0.057)
Member of Upper Chamber	0.229*** (0.022)	0.232*** (0.022)	0.221*** (0.024)	0.111* (0.062)	0.122* (0.060)	0.112* (0.063)
Married	0.114*** (0.034)	0.134*** (0.035)	0.111*** (0.035)	0.032 (0.084)	0.047 (0.080)	0.044 (0.084)
Female	–0.010 (0.028)	–0.045^{+} (0.029)	–0.012 (0.030)	–0.076 (0.074)	–0.073 (0.081)	–0.072 (0.074)
Children	0.009 (0.026)	0.014 (0.026)	0.007 (0.025)	–0.072 (0.064)	–0.073 (0.062)	–0.069 (0.068)
Age	0.070*** (0.010)	0.075*** (0.011)	0.072*** (0.010)	0.032^{+} (0.017)	0.024^{+} (0.019)	0.031^{+} (0.019)
Age^2	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0005** (0.0002)	–0.0005** (0.0002)	–0.0005** (0.0002)
Green–Lite	–0.138* (0.071)	–0.355*** (0.061)	–0.144* (0.070)	–0.021 (0.134)	–0.061 (0.126)	–0.025 (0.131)
Gray	–0.085 (0.089)	–0.686*** (0.074)	–0.081 (0.088)	–0.060 (0.161)	–0.162 (0.154)	–0.063 (0.159)
Gold–Lite	–0.361*** (0.108)	–0.826*** (0.080)	–0.359*** (0.111)	–0.176 (0.200)	–0.249^{+} (0.192)	–0.172 (0.199)
Gold	–0.268* (0.148)	–1.374*** (0.100)	–0.257* (0.154)	0.034 (0.170)	–0.127 (0.215)	0.031 (0.162)
Electoral Factors						
Electoral Expectations	0.00001** (0.000004)	0.00001*** (0.000004)	0.00001** (0.000004)	0.000001 (0.00005)	0.000001 (0.00005)	0.000001 (0.00005)
Burnout Factors						
Years in Position	0.030*** (0.002)	0.030*** (0.002)	0.029*** (0.002)	0.031*** (0.004)	0.022*** (0.004)	0.027*** (0.004)
Constant	–3.364*** (0.258)	–3.449*** (0.275)	–3.609*** (0.254)	–3.120*** (0.507)	–3.002*** (0.516)	–3.111*** (0.504)
Level 1 Variance	0.017 (0.0001)	0.017 (0.0001)	0.017 (0.0001)	0.040 (0.0001)	0.040 (0.0001)	0.040 (0.0001)
Level 2 Variance	0.050 (0.006)	0.095 (0.010)	0.051 (0.007)	0.040 (0.004)	0.111 (0.010)	0.047 (0.004)
Level 1 N = 71,484						
Level 2 N = 50						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.6: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Key Indicator Variables Omitted				
	Retire	**Defeat**	**Other Political**	**Other Employment**
Financial Factors				
Green–Lite	0.418*** (0.048)	0.111* (0.063)	0.194*** (0.065)	0.107 (0.143)
Gray	0.124*** (0.043)	0.198*** (0.054)	0.070 (0.057)	0.056 (0.123)
Gold–Lite	0.085* (0.047)	0.275*** (0.058)	0.067 (0.064)	–0.058 (0.143)
Gold	0.495*** (0.051)	0.310*** (0.063)	0.015 (0.078)	0.271* (0.156)
Personal Factors				
Party Leadership	0.201*** (0.047)	–0.300*** (0.080)	0.094^{+} (0.064)	–0.207 (0.172)
Committee Leadership	–0.034^{+} (0.023)	–0.083*** (0.027)	–0.087*** (0.032)	–0.109^{+} (0.072)
Member of Upper Chamber	–0.083*** (0.025)	–0.198*** (0.031)	0.265*** (0.034)	0.133* (0.077)
Married	0.189*** (0.033)	–0.093** (0.037)	0.148*** (0.050)	0.076 (0.106)
Female	0.027 (0.027)	–0.006 (0.031)	–0.001 (0.040)	–0.074 (0.097)
Children	–0.303*** (0.027)	–0.095*** (0.034)	–0.063^{+} (0.040)	–0.129^{+} (0.086)
Age	–0.037*** (0.007)	–0.001 (0.008)	0.055*** (0.012)	0.029 (0.027)
Age^2	0.0005*** (0.0001)	0.0001* (0.0001)	–0.001*** (0.0001)	–0.0005** (0.0003)
Electoral Factors				
Electoral Expectations	–0.001*** (0.0004)	–0.008*** (0.0005)	0.00001 (0.00001)	–6.01E–06 (0.0001)
Burnout Factors				
Years in Position	0.024*** (0.002)	–0.002 (0.002)	0.030*** (0.002)	0.035*** (0.006)
Constant	–1.857*** (0.195)	–2.187*** (0.231)	–4.001*** (0.314)	–4.078*** (0.664)
N = 71,249				
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*				

Table C.7: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Amateur Legislatures Only

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	–0.032*** (0.004)	–	–0.027*** (0.004)	–0.010** (0.004)	–	–0.001 (0.005)
Pay Difference (thou)	–	–0.018*** (0.002)	–	–	–0.015*** (0.002)	–
Real Median Household Income (thou)	–	–	0.010*** (0.002)	–	–	0.015*** (0.002)
Professionalism Factors						
Session Length	0.0002 (0.0005)	0.00003 (0.0005)	0.0001 (0.0005)	0.001* (0.0005)	0.001*** (0.0005)	0.001 (0.0005)
Expenditures Per Legislator	–0.0003*** (0.0001)	–0.0003*** (0.0001)	–0.0003*** (0.0001)	0.0001 (0.0001)	0.0001^{+} (0.0001)	0.0001 (0.0001)
Personal Factors						
Party Leadership	0.260*** (0.085)	0.267*** (0.085)	0.260*** (0.085)	–0.237* (0.131)	–0.246* (0.131)	–0.238* (0.131)
Committee Leadership	–0.072* (0.043)	–0.046 (0.043)	–0.061^{+} (0.043)	–0.186*** (0.050)	–0.167*** (0.050)	–0.173*** (0.050)
Member of Upper Chamber	–0.007 (0.046)	0.016 (0.046)	0.004 (0.046)	–0.142*** (0.055)	–0.121** (0.055)	–0.128** (0.055)
Married	0.218*** (0.059)	0.230*** (0.059)	0.226*** (0.059)	–0.134** (0.062)	–0.114* (0.062)	–0.122** (0.062)
Female	0.053 (0.046)	0.037 (0.047)	0.042 (0.047)	–0.041 (0.052)	–0.067^{+} (0.052)	–0.056 (0.052)
Children	–0.234*** (0.048)	–0.283*** (0.048)	–0.261*** (0.048)	0.008 (0.057)	–0.005 (0.057)	–0.028 (0.058)
Age	–0.055*** (0.012)	–0.051*** (0.012)	–0.053*** (0.012)	–0.026** (0.013)	–0.022* (0.013)	–0.023* (0.013)
Age^2	0.001*** (0.0001)	0.0006*** (0.0001)	0.0006*** (0.0001)	0.0003*** (0.0001)	0.0003*** (0.0001)	0.0003*** (0.0001)
Electoral Factors						
Electoral Expectations	–0.002*** (0.001)	–0.001 (0.0008)	–0.001* (0.001)	–0.006*** (0.001)	–0.005*** (0.001)	–0.005*** (0.001)
Burnout Factors						
Years in Position	0.018*** (0.003)	0.016*** (0.003)	0.017*** (0.003)	–0.006*** (0.001)	–0.012*** (0.004)	–0.013*** (0.004)
Constant	–0.773** (0.328)	–1.862*** (0.349)	–1.324*** (0.350)	–1.337*** (0.361)	–2.251*** (0.384)	–2.196*** (0.387)
N = 21,031						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.008 (0.006)	–	0.016** (0.006)	–0.015 (0.014)	–	–0.008 (0.015)

Table C.7 Continued						
Pay Difference (thou)	–	–0.011*** (0.003)	–	–	–0.020*** (0.007)	–
Real Median Household Income (thou)	–	–	0.022*** (0.003)	–	–	0.024*** (0.008)
Professionalism Factors						
Session Length	–0.001^{+} (0.001)	–0.0003 (0.0008)	–0.001^{+} (0.001)	–0.001 (0.002)	–0.0005 (0.002)	–0.001 (0.002)
Expenditures Per Legislator	–0.0001 (0.0001)	–0.0001 (0.0001)	–0.0001 (0.0001)	–0.0001 (0.0003)	–0.0001 (0.0003)	–0.0001 (0.0003)
Personal Factors						
Party Leadership	0.143 (0.118)	0.117 (0.118)	0.140 (0.119)	–0.398 (0.400)	–0.411 (0.401)	–0.399 (0.402)
Committee Leadership	0.003 (0.065)	0.006 (0.065)	0.019 (0.066)	–0.150 (0.150)	–0.135 (0.150)	–0.129 (0.151)
Member of Upper Chamber	0.309*** (0.066)	0.320*** (0.067)	0.326*** (0.067)	–0.014 (0.161)	0.010 (0.162)	0.013 (0.163)
Married	0.143^{+} (0.102)	0.162^{+} (0.102)	0.158^{+} (0.103)	–0.005 (0.205)	0.007 (0.205)	0.008 (0.207)
Female	–0.070 (0.081)	–0.105^{+} (0.082)	–0.095 (0.082)	0.063 (0.171)	0.040 (0.172)	0.039 (0.173)
Children	–0.003 (0.079)	0.010 (0.078)	–0.052 (0.080)	–0.001 (0.168)	–0.021 (0.168)	–0.053 (0.171)
Age	0.039* (0.023)	0.041* (0.023)	0.043* (0.023)	0.064 (0.060)	0.067 (0.060)	0.071 (0.061)
Age^2	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001^{+} (0.001)	–0.001* (0.001)	–0.001* (0.001)
Electoral Factors						
Electoral Expectations	–0.0002 (0.001)	0.001 (0.001)	0.001 (0.001)	0.006** (0.003)	0.007** (0.003)	0.007** (0.003)
Burnout Factors						
Years in Position	0.033*** (0.005)	0.034*** (0.005)	0.031*** (0.005)	0.028** (0.013)	0.028** (0.013)	0.026* (0.013)
Constant	–3.414*** (0.594)	–4.015*** (0.618)	–4.637*** (0.629)	–4.550*** (1.409)	–5.690*** (1.489)	–5.984*** (1.510)
N = 21,031						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.8: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Hybrid Legislatures Only

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.008*** (0.001)	–	0.009*** (0.002)	–0.008*** (0.002)	–	–0.019*** (0.002)
Pay Difference (thou)	–	0.009*** (0.002)	–	–	–0.023*** (0.002)	–
Real Median Household Income (thou)	–	–	–0.001 (0.002)	–	–	0.022*** (0.002)
Professionalism Factors						
Session Length	0.003*** (0.0004)	0.003*** (0.0004)	0.003*** (0.0004)	0.001*** (0.0005)	0.002*** (0.0005)	0.002*** (0.0005)
Expenditures Per Legislator	–0.0004*** (0.0001)	–0.0004*** (0.0001)	–0.0004*** (0.0001)	–6.02E–06 (0.0001)	–0.0001* (0.0001)	–0.0001* (0.0001)
Personal Factors						
Party Leadership	0.036 (0.075)	0.042 (0.075)	0.037 (0.075)	–0.453*** (0.132)	–0.434*** (0.133)	–0.444*** (0.133)
Committee Leadership	–0.017 (0.035)	–0.023 (0.035)	–0.016 (0.035)	–0.048 (0.041)	–0.022 (0.041)	–0.018 (0.041)
Member of Upper Chamber	–0.090** (0.038)	–0.086** (0.038)	–0.089** (0.038)	–0.214*** (0.046)	–0.225*** (0.046)	–0.226*** (0.046)
Married	0.245*** (0.053)	0.231*** (0.053)	0.241*** (0.053)	–0.065 (0.057)	–0.048 (0.057)	–0.038 (0.057)
Female	–0.0002 (0.043)	0.020 (0.043)	0.001 (0.043)	–0.025 (0.048)	–0.035 (0.048)	–0.046 (0.049)
Children	–0.358*** (0.042)	–0.349*** (0.042)	–0.353*** (0.042)	–0.182*** (0.051)	–0.208*** (0.052)	–0.224*** (0.052)
Age	–0.038*** (0.011)	–0.038*** (0.011)	–0.038*** (0.011)	0.013 (0.013)	0.014 (0.014)	0.015 (0.014)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	–8.60E–06 (0.0001)	–0.00001 (0.0001)	–0.00002 (0.0001)
Electoral Factors						
Electoral Expectations	0.002*** (0.001)	0.001* (0.001)	0.002*** (0.001)	–0.011*** (0.001)	–0.011*** (0.001)	–0.010*** (0.001)
Burnout Factors						
Years in Position	0.029*** (0.002)	0.030*** (0.002)	0.029*** (0.002)	0.001 (0.003)	–0.003 (0.003)	–0.003 (0.003)
Constant	–2.269*** (0.317)	–1.807*** (0.314)	–2.229*** (0.327)	–2.184*** (0.376)	–2.961*** (0.378)	–3.061*** (0.389)
N = 31,796						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	0.003+ (0.002)	–	–0.002 (0.002)	0.002 (0.005)	–	–0.002 (0.005)

Table C.8 Continued						
Pay Difference (thou)	–	–0.006** (0.002)	–	–	0.0003 (0.005)	–
Real Median Household Income (thou)	–	–	0.012*** (0.002)	–	–	0.010* (0.005)
Professionalism Factors						
Session Length	0.002*** (0.001)	0.002*** (0.0006)	0.002*** (0.001)	0.003** (0.001)	0.003** (0.001)	0.003** (0.001)
Expenditures Per Legislator	–0.00003 (0.0001)	–0.0001 (0.0001)	–0.0001^{+} (0.0001)	–9.21E–06 (0.0002)	–0.00001 (0.0002)	–0.0001 (0.0002)
Personal Factors						
Party Leadership	0.008 (0.099)	0.023 (0.099)	0.009 (0.099)	–0.219 (0.251)	–0.215 (0.251)	–0.217 (0.251)
Committee Leadership	–0.135*** (0.048)	–0.129*** (0.048)	–0.121** (0.048)	–0.032 (0.105)	–0.031 (0.105)	–0.021 (0.106)
Member of Upper Chamber	0.222*** (0.050)	0.219*** (0.050)	0.218*** (0.050)	0.107 (0.111)	0.107 (0.112)	0.105 (0.112)
Married	0.180** (0.075)	0.183** (0.075)	0.197*** (0.075)	0.095 (0.162)	0.093 (0.162)	0.108 (0.162)
Female	–0.020 (0.060)	–0.011 (0.060)	–0.032 (0.060)	–0.275* (0.160)	–0.271* (0.160)	–0.286* (0.160)
Children	–0.143** (0.060)	–0.156*** (0.060)	–0.163*** (0.061)	–0.178^{+} (0.129)	–0.180^{+} (0.129)	–0.191^{+} (0.129)
Age	0.064*** (0.018)	0.064*** (0.018)	0.064*** (0.018)	0.075* (0.044)	0.076* (0.044)	0.075* (0.044)
Age^2	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001** (0.0004)	–0.001** (0.0004)	–0.001** (0.0004)
Electoral Factors						
Electoral Expectations	0.00002 (0.001)	–0.0005 (0.001)	0.001 (0.001)	–0.0003 (0.002)	–0.0005 (0.002)	0.0003 (0.002)
Burnout Factors						
Years in Position	0.031*** (0.004)	0.029*** (0.004)	0.029*** (0.004)	0.031*** (0.009)	0.031*** (0.009)	0.030*** (0.009)
Constant	–4.441*** (0.481)	–4.459*** (0.477)	–4.892*** (0.491)	–5.491*** (1.111)	–5.434*** (1.100)	–5.842*** (1.128)
N = 31,796						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.9: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Professional Legislatures Only

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	–0.003* (0.001)	–	–0.003* (0.001)	0.0001 (0.002)	–	0.001 (0.002)
Pay Difference (thou)	–	–0.004*** (0.001)	–	–	–0.006*** (0.002)	–
Real Median Household Income (thou)	–	–	0.009*** (0.003)	–	–	0.028*** (0.003)
Professionalism Factors						
Session Length	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0002)	–0.001*** (0.0003)	–0.0005** (0.0003)	–0.001*** (0.0003)
Expenditures Per Legislator	0.0001*** (0.00002)	0.0001*** (0.00002)	0.0001*** (0.00002)	7.82E–06 (0.00003)	0.0001** (0.00003)	–6.85E–06 (0.00003)
Personal Factors						
Party Leadership	0.344*** (0.098)	0.341*** (0.098)	0.340*** (0.098)	–0.167 (0.182)	–0.174 (0.183)	–0.185 (0.185)
Committee Leadership	0.037 (0.048)	0.038 (0.048)	0.032 (0.049)	–0.123* (0.067)	–0.111* (0.067)	–0.142** (0.068)
Member of Upper Chamber	–0.235*** (0.056)	–0.236*** (0.056)	–0.236*** (0.056)	–0.334*** (0.084)	–0.336*** (0.084)	–0.329*** (0.085)
Married	0.148** (0.070)	0.148** (0.070)	0.149** (0.071)	–0.134^{+} (0.093)	–0.133^{+} (0.093)	–0.140^{+} (0.094)
Female	–0.015 (0.059)	–0.016 (0.059)	–0.016 (0.059)	0.141* (0.077)	0.138* (0.077)	0.143* (0.077)
Children	–0.243*** (0.063)	–0.240*** (0.063)	–0.239*** (0.063)	0.108 (0.094)	0.118 (0.094)	0.142^{+} (0.096)
Age	–0.003 (0.016)	–0.003 (0.016)	–0.004 (0.016)	0.020 (0.023)	0.020 (0.023)	0.018 (0.023)
Age^2	0.0002 (0.0001)	0.0002 (0.0001)	0.0002 (0.0001)	–0.0001 (0.0002)	–0.0001 (0.0002)	–0.0001 (0.0002)
Electoral Factors						
Electoral Expectations	–0.006*** (0.001)	–0.006*** (0.001)	–0.006*** (0.001)	–0.012*** (0.002)	–0.012*** (0.002)	–0.012*** (0.002)
Burnout Factors						
Years in Position	0.033*** (0.004)	0.033*** (0.004)	0.033*** (0.004)	0.021*** (0.005)	0.022*** (0.005)	0.021*** (0.005)
Constant	–2.045*** (0.456)	–2.188*** (0.455)	–2.425*** (0.472)	–2.400*** (0.621)	–2.489*** (0.621)	–3.711*** (0.652)
N = 14,702						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C
Financial Factors						
Real Legislative Salary (thou)	–0.011*** (0.002)	–	–0.010*** (0.002)	–0.008^{+} (0.005)	–	–0.008^{+} (0.005)

Table C.9 Continued						
Pay Difference (thou)	–	–0.012*** (0.002)	–	–	–0.008* (0.005)	–
Real Median Household Income (thou)	–	–	0.018*** (0.003)	–	–	0.009 (0.009)
Professionalism Factors						
Session Length	0.0004^{+} (0.0003)	0.0004* (0.0002)	0.0002 (0.0003)	0.0001 (0.0006)	0.0001 (0.0005)	0.00003 (0.0006)
Expenditures Per Legislator	0.0002*** (0.00003)	0.0002*** (0.00003)	0.0002*** (0.00003)	–0.00002 (0.0001)	–0.00001 (0.0001)	–0.00002 (0.0001)
Personal Factors						
Party Leadership	0.052 (0.137)	0.041 (0.137)	0.046 (0.137)	–0.124 (0.325)	–0.129 (0.326)	–0.130 (0.326)
Committee Leadership	–0.037 (0.066)	–0.036 (0.067)	–0.048 (0.067)	–0.207^{+} (0.151)	–0.206^{+} (0.151)	–0.212^{+} (0.151)
Member of Upper Chamber	0.243*** (0.071)	0.242*** (0.072)	0.245*** (0.072)	0.260^{+} (0.158)	0.260^{+} (0.158)	0.261* (0.159)
Married	0.117 (0.098)	0.118 (0.098)	0.120 (0.098)	0.094 (0.216)	0.095 (0.216)	0.099 (0.217)
Female	0.086 (0.082)	0.084 (0.083)	0.085 (0.083)	–0.040 (0.206)	–0.041 (0.206)	–0.041 (0.206)
Children	0.050 (0.088)	0.061 (0.089)	0.064 (0.089)	–0.111 (0.187)	–0.108 (0.187)	–0.106 (0.187)
Age	0.080*** (0.027)	0.078*** (0.027)	0.078*** (0.027)	–0.003 (0.049)	–0.004 (0.049)	–0.004 (0.049)
Age^2	–0.001*** (0.0003)	–0.001*** (0.0003)	–0.001*** (0.0003)	–0.0001 (0.0005)	–0.0001 (0.0005)	–0.0001 (0.0005)
Electoral Factors						
Electoral Expectations	0.00001 (0.00002)	0.00001 (0.00002)	0.00001 (0.00001)	–0.002 (0.004)	–0.002 (0.004)	–0.002 (0.004)
Burnout Factors						
Years in Position	0.040*** (0.005)	0.040*** (0.005)	0.040*** (0.005)	0.050*** (0.011)	0.050*** (0.011)	0.050*** (0.011)
Constant	–4.484*** (0.685)	–4.995*** (0.690)	–5.281*** (0.707)	–3.006** (1.325)	–3.367** (1.321)	–3.435** (1.382)
N = 14,702						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.10: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Conditional Impact of Legislative Salary and Session Length				
	Retire	**Defeat**	**Other Political**	**Other Employment**
Financial and Professionalism Factors				
Real Legislative Salary (thou)	0.002** (0.001)	–0.002^{+} (0.001)	–0.0002 (0.001)	–0.0001 (0.003)
Session Length	–0.001** (0.0003)	0.001*** (0.0004)	0.001^{+} (0.0005)	0.008 (0.001)
Legislative Salary x Session Length	–4.59E–07 (4.99E–06)	–0.00002*** (6.11E–06)	–0.00001^{+} (7.16E–06)	–6.04E–06 (0.00002)
Expenditures Per Legislator	0.00005** (0.00002)	0.0001*** (0.00002)	0.0001*** (0.00003)	–0.00003 (0.0001)
Personal Factors				
Party Leadership	0.226*** (0.048)	–0.312*** (0.082)	0.077 (0.066)	–0.206 (0.174)
Committee Leadership	–0.029 (0.023)	–0.110*** (0.028)	–0.084** (0.033)	–0.113^{+} (0.073)
Member of Upper Chamber	–0.107*** (0.026)	–0.202*** (0.032)	0.253*** (0.035)	0.122^{+} (0.078)
Married	0.190*** (0.034)	–0.098*** (0.038)	0.141*** (0.051)	0.055 (0.107)
Female	0.018 (0.027)	–0.010 (0.032)	–0.009 (0.041)	–0.102 (0.100)
Children	–0.316*** (0.0289	–0.075** (0.035)	–0.060^{+} (0.042)	–0.118^{+} (0.088)
Age	–0.039*** (0.007)	–0.001 (0.008)	0.057*** (0.012)	0.036^{+} (0.027)
Age^{2}	0.0005*** (0.0001)	0.0001^{+} (0.0001)	–0.001*** (0.0001)	–0.0006** (0.0003)
Electoral Factors				
Electoral Expectations	–0.003*** (0.0004)	–0.009*** (0.0005)	0.00001 (0.00001)	–0.00001 (0.0002)
Burnout Factors				
Years in Position	0.021*** (0.002)	–0.001 (0.002)	0.031*** (0.003)	0.035*** (0.006)
Constant	–1.503*** (0.197)	–1.992*** (0.232)	–4.110*** (0.323)	–4.223*** (0.686)
N = 67, 529				
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*				

Table C.11: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Earning Potential Indicator (Only J.D.'s and MBA's)

	Retire			Defeat		
	1A	1B	1C	2A	2B	2C
Financial Factors						
Real Legislative Salary (thou)	0.007*** (0.001)	–	0.007*** (0.001)	–0.004*** (0.001)	–	–0.007*** (0.001)
Pay Difference (thou)	–	0.004*** (0.00)	–	–	–0.012*** (0.001)	–
Real Median Household Income (thou)	–	–	0.003*** (0.001)	–	–	0.016*** (0.001)
Earning Potential	–0.006 (0.047)	–0.012 (0.047)	–0.004 (0.047)	–0.081^{+} (0.058)	–0.079^{+} (0.058)	–0.073 (0.058)
Personal Factors						
Party Leadership	0.197*** (0.049)	0.205*** (0.049)	0.198*** (0.049)	–0.294*** (0.082)	–0.284*** (0.082)	–0.296*** (0.082)
Committee Leadership	–0.035^{+} (0.023)	–0.036^{+} (0.023)	–0.032^{+} (0.023)	–0.080*** (0.028)	–0.062** (0.028)	–0.064** (0.028)
Member of Upper Chamber	–0.089*** (0.026)	–0.088*** (0.026)	–0.087*** (0.026)	–0.205*** (0.032)	–0.199*** (0.032)	–0.200*** (0.032)
Married	0.175*** (0.034)	0.169*** (0.034)	0.178*** (0.034)	–0.092** (0.038)	–0.080** (0.038)	–0.072* (0.038)
Female	0.010 (0.028)	0.021 (0.028)	0.005 (0.028)	0.003 (0.032)	–0.007 (0.032)	–0.021 (0.032)
Children	–0.296*** (0.028)	–0.293*** (0.028)	–0.299*** (0.028)	–0.084** (0.035)	–0.094*** (0.035)	–0.102*** (0.035)
Age	–0.039*** (0.007)	–0.039*** (0.007)	–0.038*** (0.007)	–0.0004 (0.008)	0.001 (0.008)	0.002 (0.008)
Age^2	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0005*** (0.0001)	0.0001^{+} (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)
Green–Lite	0.636*** (0.058)	0.547*** (0.058)	0.611*** (0.059)	–0.018 (0.075)	–0.289*** (0.076)	–0.140* (0.076)
Gray	0.553*** (0.074)	0.364*** (0.071)	0.515*** (0.075)	–0.028 (0.091)	–0.495*** (0.087)	–0.205** (0.092)
Gold–Lite	0.605 *** (0.088)	0.358*** (0.080)	0.573*** (0.088)	–0.004 (0.106)	–0.516*** (0.097)	–0.141^{+} (0.107)
Gold	1.089*** (0.097)	0.833*** (0.093)	1.034*** (0.099)	0.008 (0.119)	–0.658*** (0.115)	–0.256** (0.122)
Electoral Factors						
Electoral Expectations	–0.001** (0.0005)	–0.002*** (0.0005)	–0.001** (0.0005)	–0.009*** (0.0005)	–0.008*** (0.0005)	–0.007*** (0.0005)
Burnout Factors						
Years in Position	0.024*** (0.002)	0.024*** (0.002)	0.024*** (0.002)	–0.002 (0.002)	–0.004* (0.002)	–0.004* (0.002)
Constant	–2.467*** (0.220)	–1.944*** (0.202)	–2.575*** (0.226)	–1.886*** (0.260)	–1.865*** (0.240)	–2.520*** (0.267)
N = 67,811						

	Other Political			Other Employment		
	3A	3B	3C	4A	4B	4C

Table C.11 Continued						
Financial Factors						
Real Legislative Salary (thou)	0.003** (0.001)	–	–0.0003 (0.001)	–0.0007 (0.003)	–	–0.004 (0.003)
Pay Difference (thou)	–	–0.005*** (0.001)	–	–	–0.005* (0.003)	–
Real Median Household Income (thou)	–	–	0.015*** (0.002)	–	–	0.013*** (0.004)
Earning Potential	–0.044 (0.070)	–0.050 (0.070)	–0.042 (0.070)	–0.201 (0.181)	–0.202 (0.181)	–0.195 (0.181)
Personal Factors						
Party Leadership	0.097^{+} (0.066)	0.112* (0.066)	0.100^{+} (0.066)	–0.277^{+} (0.187)	–0.272^{+} (0.187)	–0.279^{+} (0.187)
Committee Leadership	–0.102*** (0.033)	–0.092*** (0.033)	–0.088*** (0.033)	–0.106^{+} (0.074)	–0.100^{+} (0.074)	–0.096^{+} (0.074)
Member of Upper Chamber	0.267*** (0.035)	0.270*** (0.035)	0.271*** (0.035)	0.141* (0.078)	0.145* (0.079)	0.147* (0.079)
Married	0.154*** (0.051)	0.158*** (0.051)	0.174*** (0.051)	0.058 (0.107)	0.063 (0.107)	0.077 (0.108)
Female	0.002 (0.041)	0.001 (0.041)	–0.021 (0.041)	–0.064 (0.098)	–0.067 (0.098)	–0.084 (0.098)
Children	–0.071* (0.041)	–0.076* (0.041)	–0.088** (0.042)	–0.123^{+} (0.088)	–0.127^{+} (0.088)	–0.137^{+} (0.088)
Age	0.056*** (0.012)	0.056*** (0.012)	0.058*** (0.013)	0.026 (0.027)	0.025 (0.027)	0.026 (0.027)
Age^{2}	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.001*** (0.0001)	–0.0005* (0.0003)	–0.0005* (0.0003)	–0.0005* (0.0003)
Green–Lite	0.279*** (0.079)	0.009 (0.081)	0.151* (0.081)	0.117 (0.173)	–0.026 (0.177)	0.002 (0.177)
Gray	0.250** (0.100)	–0.244** (0.099)	0.051 (0.103)	0.037 (0.220)	–0.219 (0.218)	–0.134 (0.225)
Gold–Lite	0.279** (0.118)	–0.296*** (0.112)	0.106 (0.120)	–0.091 (0.262)	–0.380^{+} (0.249)	–0.243 (0.266)
Gold	0.269** (0.135)	–0.401*** (0.135)	–0.016 (0.139)	0.260 (0.287)	–0.094 (0.290)	0.009 (0.298)
Electoral Factors						
Electoral Expectations	0.00001 (0.00001)	0.00001 (0.00001)	0.00001 (0.00001)	–7.23E–06 (0.0001)	–5.56E–06 (0.0001)	–1.60E–06 (0.0001)
Burnout Factors						
Years in Position	0.030*** (0.003)	0.028*** (0.003)	0.029*** (0.003)	0.036*** (0.006)	0.035*** (0.006)	0.035*** (0.006)
Constant	–4.299*** (0.343)	–3.849*** (0.326)	–4.786*** (0.349)	–3.933*** (0.715)	–3.815*** (0.675)	–4.336*** (0.723)
N = 67,811						
*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*						

Table C.12: Multinomial Probit With Status Quo as the Omitted Category (2000–2010) – Conditional Impact of Earning Potential and Legislative Salary

	Retire	Defeat	Other Political	Other Employment
Financial Factors				
Real Legislative Salary (thou)	0.007*** (0.001)	–0.003*** (0.001)	0.003** (0.001)	–0.0001 (0.003)
Earning Potential	–0.053 (0.057)	0.014 (0.065)	–0.036 (0.087)	0.251^{+} (0.164)
Legislative Salary x Earning Potential	0.0005 (0.0015)	–0.002 (0.002)	–0.001 (0.002)	–0.004 (0.005)
Personal Factors				
Party Leadership	0.200*** (0.049)	–0.294*** (0.082)	0.103^{+} (0.066)	–0.279^{+} (0.187)
Committee Leadership	–0.034^{+} (0.023)	–0.080*** (0.028)	–0.102*** (0.033)	–0.108^{+} (0.074)
Member of Upper Chamber	–0.087*** (0.026)	–0.205*** (0.032)	0.267*** (0.035)	0.142* (0.078)
Married	0.172*** (0.034)	–0.089** (0.038)	0.160*** (0.051)	0.063 (0.107)
Female	0.010 (0.028)	0.004 (0.032)	0.002 (0.041)	–0.062 (0.098)
Children	–0.295*** (0.028)	–0.084** (0.035)	–0.074* (0.041)	–0.122^{+} (0.088)
Age	–0.039*** (0.007)	0.0001 (0.008)	0.056*** (0.012)	0.027 (0.027)
Age^2	0.0005*** (0.0001)	0.0001^{+} (0.0001)	–0.0007*** (0.0001)	–0.0005* (0.0003)
Green–Lite	0.638*** (0.0584)	–0.018 (0.075)	0.272*** (0.079)	0.124 (0.173)
Gray	0.555*** (0.074)	–0.025 (0.091)	0.241** (0.101)	0.047 (0.220)
Gold–Lite	0.606*** (0.088)	–0.0004 (0.106)	0.261** (0.119)	–0.080 (0.262)
Gold	1.089*** (0.098)	0.012 (0.119)	0.251* (0.135)	0.276 (0.287)
Electoral Factors				
Electoral Expectations	–0.001** (0.0005)	–0.008*** (0.0005)	0.00001 (0.00001)	–6.34E–06 (0.0001)
Burnout Factors				
Years in Position	0.024*** (0.002)	–0.002 (0.002)	0.030*** (0.003)	0.036*** (0.006)
Constant	–2.462*** (0.220)	–1.911*** (0.260)	–4.279*** (0.344)	–4.018*** (0.717)
N = 67,631				

*Notes: *** p ≤ 0.01; ** p ≤ 0.05; * p ≤ 0.10; $^{+}$significant at the 0.10 level (one–tailed test).*

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